DOMINION OF CANADA

OFFICIAL REPORT

OF

DEBATES

HOUSE OF COMMONS

SECOND SESSION—TWENTIETH PARLIAMENT

---

10 GEORGE VI, 1946

VOLUME III, 1946

COMPRISING THE PERIOD FROM THE TENTH DAY OF JUNE, 1946,
TO THE ELEVENTH DAY OF JULY, 1946, INCLUSIVE

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OTTAWA
EDMOND CLOUTIER, C.M.G., B.A., L.Ph.,
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
CONTROLLER OF STATIONERY
1947

CANADA

House of Commons Debates

OFFICIAL REPORT

Monday, June 10, 1946.

The house met at three o'clock.

REPORTS OF COMMITTEES

Seventh report of the special committee on veterans affairs.—Mr. Tucker.

First report of the standing committee on miscellaneous private bills.—Mr. Maybank.

THE KING'S BIRTHDAY

RESOLUTION EXTENDING GREETINGS AND GOOD WISHES TO HIS MAJESTY

Right Hon. J. L. ILSLEY (Acting Prime Minister): Mr. Speaker, as to-day is the day appointed for the celebration in Canada of the King's birthday, I have the honour to propose, seconded by the Acting Leader of the Opposition (Mr. Graydon) the following motion:

That an humble address be sent to His Majesty, King George VI, in the following words:

"To the King's Most Excellent Majesty:

Most Gracious Sovereign:

We, the members of the House of Commons of Canada in parliament assembled, desire to extend to Your Majesty, on this day set apart for the celebration in Canada of the King's Birthday, our loyal greetings and heartfelt good wishes."

Mr. GORDON GRAYDON (Acting Leader of the Opposition): Mr. Speaker, on previous occasions of this kind it has been customary for the leaders of the various parties to express in some way the feelings of the members of those parties. It would seem to me most appropriate, however, if on this occasion we were to refrain from comment, and the house were simply to rise and to sing God Save the King.

Motion agreed to.

(The members rose and sang *God Save the King*).

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

CANADIAN ARMY—CLOTHING ALLOWANCES

Mr. GRAYDON:

1. During what periods of the last war was the amount of clothing allowances granted to Canadian army personnel on discharge (a) $35; (b) $65; (c) $100?

2. How many of such discharged personnel received (a) $35; (b) $65; (c) $100, as clothing allowance?

3. What steps is the government taking towards making the said clothing allowance of $100 retroactive to cover all Canadian army personnel discharged since the beginning of the war?

Mr. LAPOINTE:

1. (a) 1 September, 1939 to 31 October, 1943; (b) 1 November, 1943 to 31 July, 1944; (c) 1 August, 1944 to date.

2. (a) 96,561; (b) 42,559; (c) 357,038.

3. None contemplated.

DEPARTMENT OF AGRICULTURE—PUBLICITY PERSONNEL

Mr. HOMUTH:

1. What is the total cost of the publicity personnel in the Department of Agriculture?

2. Who is employed?

3. What salaries are they paid?

4. Is a departmental paper published? If so, what is the cost of publishing same?

Mr. GARDINER:

1. $13,953.12 (including cost of living bonus and travelling expenses).

2 and 3. F. James, $4,200; R. B. Marven, $3,600; W. R. Gillanders, $2,141.04; Miss M. K. Rooney, $1,661.04; Miss M. I. Gillespie, $1,601.04.

4. No.

PRISONERS OF WAR—BOWMANVILLE

Mr. STEPHENSON:

1. How much barbed wire was used to enclose the prisoner of war camp at Bowmanville, Ontario?

2. What has become of this wire since the prisoner of war camp was closed?

3. Was it sold?

4. If so, to whom; in what quantities and at what price?

Mr. LAPOINTE:

1. 74,250 lineal yards of single strand barbed wire on wood posts. (8 ft. high double barbed wire fence 1,190 lineal yards in length, with concertina and loose wire between).

2. 37,125 lineal yards stored in the storage yard at Bowmanville, Ont.; 32,175 lineal yards stored at Barriefield, Ont.; 4,950 lineal yards shipped to Ottawa, Ont. for use by army in that area.

3. No. It will be required for use by the army.

4. Answered by No. 3.

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NATIONAL HOUSING ACT

Mr. GAGNON:

1. How many individuals, companies, associations, cooperative societies or other bodies have benefited, up to the present time, by the provisions of the National Housing Act, 1944?
2. How many in each province?
3. How many (a) in the urban municipalities of the province of Quebec; (b) in the rural municipalities of the said province?
4. What is the total amount of the loans made under the said Act by the government?
5. What is the average amount of the loans made on houses in each province?

Mr. McILRAITH:

1. 7,774 loans were approved under the National Housing Act, 1944, up to May 31, 1946.

2. Province	Loans	Units	Amount
Prince Edward Island	——	——	$ ——
Nova Scotia	110	110	507,480
New Brunswick	45	45	208,580
Quebec	807	1,380	5,971,440
Ontario	3,490	4,285	19,289,560
Manitoba	1,124	1,146	5,193,020
Saskatchewan	205	205	875,500
Alberta	798	832	3,646,900
British Columbia	1,195	1,637	6,623,552
Total	7,774	9,640	42,316,032

3. No loans have been made under part III (rural loans) in the province of Quebec. Loans under part I and part II are shown in the answer to question 2.

4. $42,316,032.

5. The average loan per house (part I) by provinces is as follows:

Prince Edward Island	$ ——
Nova Scotia	4,610
New Brunswick	4,640
Quebec	4,780
Ontario	4,470
Manitoba	4,930
Saskatchewan	4,270
Alberta	4,530
British Columbia	4,170

CUSTOMS DUTIES ON SUGAR

Mr. BLACKMORE:

What is the basis in general upon which the customs duties on sugar per tariff item 134 are arrived at, and in special for the following sugars?

	General	British Preferential	Preference
96 per cent raw sugar	$1 74	0·99	0·75
99·9 per cent white sugar	1 89	1·09	·80
Spread	0 15	0·10	—

Mr. McCANN: No information.

REESTABLISHMENT CREDITS

Mr. FRASER:

1. What was paid out by the government in reestablishment credits during the year 1945?
2. What has been paid out in the reestablishment credits from January 1, 1946 to May 31, 1946?

Mr. MACKENZIE:

1. $12,677,809.46.
2. $26,108,437.43.

PRISONERS OF WAR—TRANSPORT FROM CANADA

Mr. BENIDICKSON:

1. How many prisoners of war were transported from Canada during the months of January, February, March, April and May, 1946?
2. On what ships did they sail, and how many were carried on each sailing?

Mr. LAPOINTE:

1.

January, 1946	nil
February, 1946	3,054
March, 1946	16,216
April, 1946	nil
May, 1946	4,126
Total	23,396

2.

HMT *Mauretania*	2,753
HMHS *Lady Nelson*	301
HMT *Scythia*	2,541
HMS *Letitia*	183
HMT *Aquitania*	2,978
HMT *Mauretania*	2,185
HMT *Aquitania*	3,003
HMT *Scythia*	2,567
HMT *Aquitania*	1,197
HMT *Mauretania*	2,759
HMHS *Lady Nelson*	57
HMT *Aquitania*	2,872
	23,396

PURCHASE OF IMPLEMENTS BY VETERANS

Mr. ARGUE:

1. Is a discount allowed veterans on the purchase of new (a) power implements; (b) all other implements?
2. If so, what discount, and who gives same, the implement dealer or the implement companies?

Mr. MACKENZIE:

1. (a) Yes; (b) yes, with exception of wagons.

2. As to 1 (a), discount 7 per cent; as to 1 (b), 10 per cent. Information not available as to who gives discount; Veterans Land Act arrangement is with implement companies.

Note.—For information respecting discount on implements purchased by veterans not coming under the Veterans Land Act, see

statement made by parliamentary assistant to the Minister of Veterans Affairs as reported on page 2054 of *Hansard,* May 31, 1946.

INCOME TAX—FARMERS

Mr. WINKLER:

1. Did the Income Tax Department originally (a) assess; (b) agree to assess farm returns for 1942 on the basis of the year grain was grown as distinct from the year it was sold?
2. If so, did they change back later to the cash basis, and for what reason?

Mr. McCANN:

1. (a) Yes in some cases; (b) No.

2. In the cases erroneously assessed the department changed back to the cash basis for the reason that an error had been made.

QUESTIONS PASSED AS ORDERS FOR RETURNS

COMPENSATION FOR INJURIES THROUGH NEGLIGENCE OF AGENTS OF THE CROWN

Mr. HAZEN:

1. Did any persons receive compensation from the dominion government since January 1, 1944, in consequence of injuries received by reason of the negligence of officers, servants, agents, employees and/or contractors of the crown? If so, how many?
2. Did any persons receive such compensation after legal action had been taken by them and judgment delivered by the court?
3. If so, how many and what is the name of each of these persons and how much did each receive?
4. Did any persons receive such compensation, or compensation on compassionate or other grounds after action was commenced but before judgment was delivered?
5. If so, how many and what is the name of each of these persons and how much did each receive?
6. Did any persons receive such compensations, or compensation on compassionate or other grounds before legal proceedings were commenced?
7. If so, how many, and what are the names of those persons and how much did each receive?

CANADIAN SERVICE PERSONNEL OVERSEAS

Mr. BENIDICKSON:

1. On June 1, 1946, how many Canadian servicemen were still in the European war theatre and Great Britain?
2. On June 1, 1946, what was the estimated number of (a) wives; (b) other dependents, of Canadian servicemen requiring transportation to Canada from the European war theatre and Great Britain?

PRISONERS OF WAR—EMPLOYMENT IN CANADA

Mr. BENIDICKSON:

How many prisoners of war were (a) in Canada; (b) employed in the timber industry in Canada; (c) employed in the timber industry in Ontario; (d) employed in agriculture in Canada; (e) employed in agriculture in Ontario on (1) January 1, 1946; (2) April 1, 1946; (3) June 1, 1946?

JAPANESE NATIONALS

Mr. REID:

1. Of the 22,000 odd Japanese nationals who were moved from the coastal areas of British Columbia, following Japan's attack at Pearl Harbor, how many are still resident in the province of British Columbia?
2. How many Japanese nationals are at present residing in each of the other eight provinces?
3. Is any assistance granted to the Japanese nationals to enable them to become established in the other provinces?
4. If so, what total moneys have been expended for this purpose up to the present time?
5. What individual assistance is given and for what specific purpose is assistance granted?

LEGAL SERVICES

Mr. McGREGOR:

What is the total amount of legal fees disbursed by the dominion government since September 1, 1939?

PENSIONS IN EXCESS OF $2,000

Mr. McGREGOR:

1. How many persons are in receipt of dominion government pensions in excess of $2,000?
2. What are the names of such persons and what is the amount of the pension received in each case?

Mr. TUCKER: Order for return, excluding pensions under the Pension Act.

GOVERNMENT ADVERTISING

Mr. McGREGOR:

What is the total amount of money paid by the dominion government for advertising since September 1, 1939.

WAR ASSETS OTHER THAN THOSE DISPOSED OF BY CORPORATION

Mr. McGREGOR:

1. What war properties and war assets have been sold by the dominion government since September 1, 1939, exclusive of those disposed of or entrusted to the War Assets Corporation?
2. What was the cost to the dominion government of each of the said properties or war assets, to whom was each sold and what was the price received in each case?

IMMIGRATION

Mr. McCUAIG:

1. What was the number of immigrants entering Canada in 1930 to 1946, inclusive, from (a) U.S.A.; (b) United Kingdom; (c) other countries?
2. What was the number of people who emigrated from Canada in the years 1930 to 1946, inclusive to (a) U.S.A.; (b) United Kingdom; (c) other countries?
3. What decrease or increase in population, by provinces, has the above entailed?

LABOUR CONDITIONS

SEAMEN'S STRIKE—PRESS REPORT AS TO USE OF TROOPS IN CORNWALL

On the orders of the day:

Mr. M. J. COLDWELL (Rosetown-Biggar): I should like to direct a question to the Minister of National Defence, of which I have not given him notice. Has the minister any comment to make on the statement so widely publicized in the press of last Saturday that Colonel R. E. A. Morton, officer commanding, Camp Borden, had troops in readiness to proceed to Cornwall if necessary in connection with the strike? This was regarded as intimidation.

Hon. DOUGLAS ABBOTT (Minister of National Defence): I have no comment to make other than that contained in a statement which was issued by my department. No such instructions were given, and Colonel Morton was speaking on his own authority. The statement which I authorized indicated that the district officers commanding are bound to be prepared in the event of the local attorney general calling for aid for the civil power by having troops available to meet that demand. No special arrangements were made, no leave was stopped, and no troops were alerted. I think the statement which Colonel Morton made was no doubt accurate, but it was made entirely on his own authority and responsibility.

Mr. COLDWELL: The point of my question is, should an officer make such a statement without first consulting the department?

Mr. ABBOTT: The answer is no.

ADVERSE DECISION OF REGIONAL BOARD IN JOINT APPLICATION

On the orders of the day:

Mr. C. E. JOHNSTON (Bow River): Would the Minister of Labour explain why the regional war labour board of Ontario refused to approve a wage schedule which was mutually agreed to by the management and the union? This question arises over a dispute in connection with an increase in wages between the united steelworkers of America, Fittings Limited and—

Some hon. MEMBERS: Order.

Mr. SPEAKER: Order. The hon. gentleman knows that his question should be brief and to the point.

Mr. JOHNSTON: I have already given notice to the minister.

Mr. MITCHELL: My answer is—

[Mr. McCuaig.]

Mr. SPEAKER: I would ask the hon. member to place his question on the order paper.

Mr. HANSELL: Would the minister explain why regional boards refuse to approve wage schedules which are agreed upon by management and unions? I have particularly in mind the case of the united steelworkers; I think the minister is aware of it.

Mr. MITCHELL: That question is easily answered. As my hon. friend knows, or probably the people who ask him know quite well, there is a formula, with which any decision made by a regional board has to comply. That obviously is the reason why in some cases the regional boards have turned down applications, even joint applications by employer and employee.

EXPORT OF TRUCK SPRINGS TO DETROIT

On the orders of the day:

Hon. C. D. HOWE (Minister of Reconstruction and Supply): On June 6 the hon. member for Rosetown-Biggar (Mr. Coldwell) asked a question as follows:

> I am informed that steel truck springs are being exported from Canada by War Assets Corporation and Ontario Steel Products to Detroit Steel Products, where a strike is in progress; and in this telegram the charge is made that this is being done in order to break that strike.

I have looked into the circumstances and I may say at once that no springs have been sold or are being shipped to Detroit Steel Products. Some weeks ago a sale of springs was made to the Chrysler Corporation of the United States. These springs had been manufactured by Chrysler Corporation for inclusion in trucks for shipment to England. Certain supply of these was surplus at the Longue Pointe depot, and was sold, with the approval of War Assets Corporation of the United States, to the Chrysler Corporation of the United States. The price was satisfactory and the springs are being shipped in accordance with the terms of the sale.

Mr. COLDWELL: When these springs are badly needed in Canada, is it the policy to sell them to a foreign country?

Mr. HOWE: They are not suitable for any vehicle made for the Canadian market. They were made for a special purpose for shipment overseas.

SUGAR BEET INDUSTRY—PRISONER OF WAR LABOUR

On the orders of the day:

Hon. HUMPHREY MITCHELL (Minister of Labour): Mr. Speaker, I must apologize for not answering earlier the question asked on Wednesday last by the hon. member for

Stanstead (Mr. Hackett) and questions asked by the hon. member for Provencher (Mr. Jutras) and the hon. member for Lake Centre (Mr. Diefenbaker) in reference to the employment of German prisoners of war in the sugar beet industry, but the orders of the day were not reached in time to enable me to reply before.

I am glad to say that with the cooperation of my colleague the Minister of National Defence, Navy and Army (Mr. Abbott) an additional 400 prisoners of war have been made available for the cultivation of sugar beets. Two hundred will be allotted to Ontario and 200 to Manitoba. This means that we shall have a total of 1,222 prisoners of war working on sugar beets in Ontario, 1,116 in Manitoba, 1,449 in Alberta, with others making up a total of 4,000 doing work at various points in the country.

It should be explained that the distribution of these prisoners of war is decided upon by the representatives of the provincial and federal agriculture departments and not by the Department of Labour.

As I have indicated, most of these prisoners of war will be employed on the cultivation of sugar beets. The allocation to southwestern Ontario is considered ample to assure the production required.

Mr. HACKETT: Can the minister say when the two hundred additional prisoners of war mentioned in his answer will be sent to the beet growing industry of southwestern Ontario?

Mr. MITCHELL: I think the question should be asked, when will they be sent home? However I may say to my hon. friend that my understanding is that they are on the way now.

STRIKES IN VARIOUS TRADES

On the orders of the day:

Mr. M. J. COLDWELL (Rosetown-Biggar): Is the minister in a position to make a statement to-day in regard to the seamen's strike, the loggers' strike, and the threatened strike of steelworkers?

Hon. HUMPHREY MITCHELL (Minister of Labour): All I can say about the seamen's strike is that the ship operators are meeting in Toronto to-day. As to British Columbia, I am constantly in touch with the provincial authorities, and the situation there is just the same as it was last week.

IMMIGRATION

REQUEST FOR COPIES OF MINISTER'S STATEMENT OF MAY 29

On the orders of the day:

Hon. GROTE STIRLING (Yale): May I ask the Minister of Mines and Resources if he would have copies made of the statement on immigration which he made on May 29 last? Letters are beginning to arrive from people who desire to get relatives out and the simplest way to reply to them would be to send a copy of that statement.

Hon. J. A. GLEN (Minister of Mines and Resources): The hon. gentleman is suggesting that I should have copies made for distribution among the members?

Mr. STIRLING: Yes.

Mr. GLEN: I will do that.

BEEF

INQUIRY AS TO RETAIL PRICE CEILING INCREASE

On the orders of the day:

Mr. W. A. McMASTER (High Park): In view of the fact that the wholesale ceilings on both red and blue brand beef have advanced four cents a pound, will the Minister of Finance consider raising the retail ceiling, allowing a corresponding increase in the retail sale price to allow the retail butcher a fair margin of profit?

Right Hon. J. L. ILSLEY (Minister of Finance): I would not like to give any encouragement whatever to the idea that the retail ceiling on beef may be raised. The wholesale ceiling on red and blue brand beef were adjusted a few weeks ago as an experimental measure. There has been much dispute whether the retail margin was too great or not. If the present arrangement is not working out well, consideration will have to be given to something better, but as I said at the beginning I cannot encourage at all the idea that there will be any raising of the retail price.

Mr. LOCKHART: Are deputations coming to Ottawa to discuss this matter?

Mr. ILSLEY: I do not know.

COAL

DOMESTIC FUEL SUPPLY SITUATION

On the orders of the day:

Hon. C. D. HOWE (Minister of Reconstruction and Supply): Mr. Speaker, I desire to make a brief statement on the coal situation.

In my last review of the coal situation on May 24 I referred chiefly to the position with regard to the supply of coal for industrial use. I did advise the house briefly of the domestic position and stated that it might well be that the household consumer would have to reduce his fuel consumption in the coming winter.

Since that time the anthracite miners in the United States ceased work on May 30. While it has been reported that production will start in these mines on June 10, this stoppage of production has accentuated the short supply situation in domestic fuel and there may not be sufficient of this type of fuel to give every customer his full supply.

It has been the practice for many householders to order and accept delivery of their winter's requirements of coal during the summer months. It is evident that when the supply of preferred coals is short this practice will, unless controlled, lead to a situation where some householders have a full supply and others who, for one reason or another, cannot order their supply in the summer, will be unable to secure their fair proportion.

It has been decided, therefore, to put out an order restricting the delivery of coal for domestic or household consumption. Since the future supply position will remain uncertain for some time to come, it has been necessary to divide the season into two parts. The order provides that no dealer may deliver nor may any consumer accept before November 1, 1946, more than sixty per cent of his normal annual requirements of the preferred classes of coal otherwise defined as class A fuel. The consumer may, at his option, secure in this period an additional twenty per cent of his annual fuel requirements in the form of other coals. In other words, the consumer may, before November 1, order and store eighty per cent of his total annual needs, but only seventy-five per cent of the coal he secures in this period may be class A fuel, which corresponds to sixty per cent of his total annual needs of the preferred type of coal.

Before November 1 I shall be in a position to see what can be done to make up the balance required, and I would assure the house tha every possible effort will be made to provide additional supplies before that date.

Measures have been taken to divert from the railways in western Canada a supply of low volatile briquettes which are acceptable as a replacement for the class A fuels, as defined in the order of last year and are included as a class A fuel in the new order. It is also expected that there will be a substantial increase in the output of these briquettes as soon as the necessary construction material can be secured. Steps are also being taken to increase the output of other western coals both to protect the consumers in western Canada and to provide some surplus for movement to Ontario. It must be realized, however, that the movement east of any large tonnage of coal will conflict with the movement of grain, and not only will it not be difficult to coordinate these two volume movements to secure the most efficient use of the available transportation, but there is also a definite limit to the tonnage which can be moved because of the limit set by the railway facilities available.

In conclusion, I would advise the house that the situation is grave and that unless there is some improvement in the near future it probably will be necessary to take other and more severe measures to ensure a fair and equitable distribution of the fuel that is available.

Mr. BLACK (Cumberland): Is the minister able to make a statement on the additional tonnage of coal from Nova Scotia that will be available in the ordinary course this season for shipment to central Canada?

Mr. HOWE: I shall be glad to make inquiries. The output of Nova Scotia coal has improved considerably. I shall require advice before I can answer the question.

Mr. LOCKHART: May I suggest to the minister that the instructions sent out make clear whether deliveries can be made concurrently of class C and class A fuel, or whether it is permissible to deliver them separately as the dealer may desire? There was considerable confusion over that last year.

Mr. FULTON: In view of the emergency outlined in the minister's statement, will the government consider granting an increase in the subsidy on coal to encourage production in small or marginal mines?

Mr. HOWE: The coal controller is constantly in touch with mines of the class mentioned, and is using his best discretion to do what is necessary in that regard.

RESEARCH COUNCIL

APPOINTMENT OF VICE-PRESIDENTS AND EXECUTIVE COMMITTEE, ETC.

The house resumed from Monday, June 3, consideration of the motion of Mr. Howe for the second reading of bill No. 154, to amend the Research Council Act.

Hon. C. D. HOWE (Minister of Reconstruction and Supply): In the remarks made on the resolution which preceded the bill, I

set out the purpose of the amendments to the Research Council Act. The intention is to strengthen the top structure of the national research council in order to enable it to carry out its greatly enlarged responsibilities, arising from its growth during the war years.

In the discussion on the resolution it was suggested by hon. gentlemen opposite that the national research council had little revenue other than that voted to it by this parliament. I would point out that in the six years ended April 1 last, the revenue of the research council in payment of services rendered by the council amounted to $4,360,997.13, in addition to which funds were provided by other government departments to pay for work on their problems in the amount of $6,632,122. In addition, the council received the following sums during that period: contributions to the Sir Frederick Banting fund of $1,346,386.66, and in addition a return of $363,496.56 for work performed at the cost of that fund. An amount of $1,900,000 was received from Research Enterprises Limited in payment for development work carried out by the council on radar. This amount was turned back to the consolidated revenue and not accepted by the national research council. Therefore, Mr. Speaker, it will be appreciated by hon. members that the work of the national research council involves the expenditures of great sums of money partly voted by parliament and partly earned by the research council itself.

It will perhaps be of interest to hon. members if I run over the purpose of the several amendments proposed.

The amendments to section 4 provide for the appointment of two vice-presidents and for an increase in the size of the honorary council in order that the vice-presidents may sit on the council and also that the various scientific interests covered by the scope of council activities may be represented. Provision is also made for an executive committee with the normal functions.

The amendment to section 2 defines the term "vice-president", and amendments to sections 5 and 8(a) detail the functions of the vice-presidents, the necessary provision for fixing salaries by order in council, and also defining the powers of the executive.

Section 3 makes formal provision for the privy council committee on industrial and scientific research. This committee has functioned since the Research Council Act came into being, but its existence has never been formalized by an act. As it is desired to have the proposed atomic energy board report to cabinet through this same committee, it is necessary to have this committee formalized in the Research Council Act in order that it may be so referred to in other legislation.

The amendment to section 10 merely details certain additional powers of the council in connection with establishing pilot plants and the handling of licensing and patents. There is nothing particularly new in this, but it was thought wise to set down these functions which have already been carried on by the council in the past under the general authority act but which may become more extensive in the future.

Section 14 is a new section which gives the council power to set up corporations to carry on activities that cannot now be easily looked after as part of the general administrative work of the council. For instance, as an incident of the normal work of the council, many inventions arise which must be covered by patents. During war time, most of the inventions were secret and have not been formally patented, but it is certain that during the next few years there will be many patents arising in connection with the council's work on atomic energy developments and the whole range of industrial research. These patents should be exploited in the public interest, but it has been found that the normal set-up of the scientific organization is not suitable for such work. After a great deal of study the council recommended that a corporation similar to the Research Corporation of America be set up. The corporation should be a non-profit organization equipped to receive patents from the research council, other government departments, and any scientific organization, such as universities and public institutions which desire to make use of its facilities.

The Research Corporation of America has served the public welfare in an eminently satisfactory manner, and it is proposed that the Canadian corporation shall function in a similar way. After considering carefully the recommendations of the council, I came to the conclusion that the most satisfactory way of setting up such a corporation would be to have the Research Council Act amended, as proposed, which gives the research council the right to set up and control such a corporation.

It was also recognized that there may be many cases in which an idea originating in one of the council's laboratories would be of no great value until it had been tested out in a pilot plant, yet, after such development, might be very valuable to the country as a whole. The present amendment will give the council adequate facilities in such cases

to set up a pilot plant and do the necessary work in order to prove the value of a promising idea that might otherwise never be utilized.

Section 15 is a new section, giving the council power to establish and support a pension scheme, if the governor in council so approves. At the present time very few members of the regular research council staff are under any pension scheme. After a great deal of study of the matter, and after consultation and examination of pension schemes in connection with similar scientific organizations in other countries, the national research council has recommended that a special pension scheme be set up for the national research council scientific staff which will permit the desirable transfer of scientific personnel as between government services, industry and universities, without undue loss to the individual. Such a system has been in satisfactory operation for some years in scientific branches of the British civil service, and there can be little doubt that such a system is desirable in the case of the national research scientific staff.

It should be noted that it is the intention of the council to bring clerical administrative and non-scientific staff under the Civil Service Superannuation Act, and that this amendment is needed for the purpose of enabling a special pension scheme to be set up for the scientific staff if the government so approves.

This is an important bill, Mr. Speaker, but fairly simple in its terms, and I do not think that any further remarks of mine are needed at this time.

Mr. IRVINE: Does the council have in view any investigation or research into social science as well as physical science?

Mr. HOWE: No. That is not within the scope of the Research Council Act.

Mr. H. C. GREEN (Vancouver South): This bill, which is numbered 154, amends the Research Council Act. That act was first passed in 1924, and there have been no amendments since it was originally adopted, which is something very unusual in the history of legislation in recent years, either in this house or in any of the provincial legislatures.

The duties of the research council are set out in section 6 of the act as originally passed, which reads:

> The council shall have charge of all matters affecting scientific and industrial research in Canada which may be assigned to it by the committee and shall also have the duty of advising the committee on questions of scientific and technological methods affecting the expansion of Canadian industries or the utilization of the natural resources of Canada.

[Mr. Howe.]

The committee referred to in that section is the committee of the privy council on scientific and industrial research. I think the minister will agree with me that that committee of the cabinet has in effect not been functioning in recent years. The other day he was asked to name the members of the cabinet on that committee and he could not do so, at least he named some but could not name them all. He said also that they met only once a year and that to consider the annual report of the research council. I am afraid therefore that the committee of the cabinet has had very little to do with the operation of the research council in recent years.

The bill before the house to-day does not propose any changes in the duties of the research council but it does aim to give the council the power to carry on the expanded work which it undertook during the war. Naturally the demands of war time meant a great increase in the work being done by the research council and also a great increase in staff. The council and its employees are to be congratulated on the work done for Canada and for the other allied nations during the war.

The official opposition take it that the main purpose of this amending bill is to provide for the continuation of this expanded work during peace time, and deeming this to be the main purpose of the bill we are glad to support it, although at the same time we disapprove of some of the provisions of the bill.

The Minister of Reconstruction and Supply has given us this afternoon a brief summary of the provisions of the bill. He has pointed out that whereas formerly there was just a president, there are now to be a president and two vice-presidents. I believe the intention is that one of the vice-presidents shall be in charge of the scientific work of the council while the other will be in charge of administrative work. The minister pointed out also that further provision is now being made with regard to the committee of the privy council on scientific and industrial research, and we hope that committee will take this new work very seriously. If a cabinet committee is vitally interested in research, that in itself should mean a great deal in the development of research activities in Canada.

The minister mentioned the fact that there is to be an executive committee of the research council. Under the original act there were only fifteen members of the council. That number is now raised to twenty and provision is made for a small executive committee, to consist of the president, two vice-presidents,

and three other members. Perhaps that is necessary in order to strengthen the functioning of the council, but it may also have the effect of taking away some of the responsibilities of the council as a whole. Probably the council will not meet so often, and a good deal of the work hitherto done by the fifteen members will in future be done by the six members of the executive committee.

The bill gives power to the council to carry particular works past the stage of pure research. That is to be found in section 7 to the provisions of which, this afternoon, the minister made some reference. One of the powers is the power to manufacture. We should like to know just how far the council is to go in manufacturing. If the intention is that it shall not go into manufacturing as that term is generally interpreted in Canada, then there is no serious objection. But if it is the intention that the council shall go into manufacturing as an ordinary business man would understand it, serious objection can be taken to the change.

There is also provision for licensing, selling or otherwise granting or making available patent rights or any other rights owned by the council. Under the original act all inventions made by technical employees of the council vest in the research council. Here power is given to the council to dispose of these rights. This provision calls for a more detailed explanation from the minister, and I propose to say something further about it in a few minutes.

There are two further powers of which we on this side of the house strongly disapprove: first, the power to procure the incorporation of crown companies, and, second, the power to assume the shares of crown companies which have already been incorporated. I shall have something further to say about these questions also.

The Progressive Conservative party favour the active promotion of scientific and industrial research in Canada. We believe that research is vital to Canada, perhaps more so than to any other country. The war has given Canada a great impetus. In this country there has been a tremendous development of production of both manufactured goods and foodstuffs. Canada has made great strides. One reason for that, of course, was that we were not subject to attack; we were free from bombs and invading forces; therefore we had every opportunity to make progress. Among the nations of the world Canada has reached a position quite out of proportion to her population.

In order to retain that position we feel that Canada must make the best possible use not only of her natural resources but also of Canadian brains. Already we have many fully trained and talented scientists doing research work, and we have the young men and women with the native ability to become great scientists. Hundreds, I dare say thousands, of them have already done so. In every part of Canada we have universities which are well able to train young people for this scientific research.

Not only have we the human resources but we have large areas practically untouched. Take for example, the northwest territories, where uranium has been found, probably the most valuable natural resource in the world to-day. No one knows how many more deposits of uranium may be found there. Prospecting parties go out each year to find other deposits, and there can be little doubt that many valuable deposits not only of uranium but also of other minerals will be found in that territory. In the northern part of British Columbia large coal deposits are lying untouched. Explorations are by no means complete. It might be possible to find there sufficient coal to change the whole picture of Canada's fuel production. Canadians cannot go too far in trying to develop their natural resources, particularly in parts of the country which are as yet unopened.

In any event, whether this is so or not, research is of vital importance to Canada, and in order to do that research we have the research council; but it is only one body doing that work. We also have certain departments of the dominion government. Take as an example the Department of Agriculture. Outstanding research work has been done by scientists in that department. One example is the development of wheat. We would not be producing anything like the wheat crops we do now if it had not been for research work carried on here in Ottawa by scientists of the Department of Agriculture. The same thing is true of the Department of Mines and Resources. Scientists in that department are carrying on research in many different fields. The Department of Fisheries are also working along that line. The fisheries of Canada are limited largely to the maritime provinces and the west coast, although there is also an extensive fishing industry in Manitoba. On the two coasts excellent research work has been done by the Department of Fisheries. We should not get the idea that the only research in Canada is that which is carried on by the research council.

The provincial governments too have been carrying on useful research, largely in connection with industries which are the most important to the respective provinces. Private

industry also has been carrying on extensive research. There are all these ways of developing research in Canada.

We doubt very much the wisdom of putting the research council into business. Its name has been made by research, not by doing business, and yet there are changes in this bill which indicate that from now on the research council may be put into business, may be operating companies. As an example, the minister said that the council may be operating a plant at Chalk River. There is also the suggestion that it might be carrying on mining operations in the northwest territories, where uranium is found. We suggest to him that the research council is not designed for that type of work, and if there is placed upon it the responsibility for carrying on such operations, it is possible that the efficiency of the council will be undermined.

The house has not been given complete information with regard to the policy on patents, and we would like to have further explanation from the minister. We do notice that section 11 of the Research Council Act had this provision with regard to patents:

All discoveries, inventions and improvements in processes, apparatus or machines, made by a member or any number of members of the technical staff of the council shall be vested in the council and shall be made available to the public under such conditions and payment of fees or royalties or otherwise as the council may determine, subject to the approval of the governor in council.

I direct attention particularly to the words "shall be made available to the public". I take it that the intention, when the Research Council Act was passed originally, was that any inventions of officers of the council, who are public servants, would be made available to any Canadians who could use them in carrying on their business. I would ask the minister if there has been any change in that policy. Those words do not appear in the bill before the house, and it may be the intention now to make money out of these inventions —

Mr. HOWE: It always was.

Mr. GREEN: —and that if an officer of the council makes an invention, it shall be sold to the person who can pay the highest price. The minister had something to say on the point on May 27, as reported at page 1898 of *Hansard*. I quote:

Discoveries of the national research council are patented and it is now the practice to patent all discoveries of reasonable value. Many are in use and many patent holders already pay fees to the council for the use of the patents. Hon. members will agree that anyone wishing to use a patent of the national research council should pay its full market value, and it is to obtain the revenue that should properly come from the patents of the council that the proposed corporation to handle patents is to be established.

We must consider where a policy of that kind may lead. Let us suppose for example that an invention of an officer of the research council is sold to a firm which forms part of a cartel. In such event the research council is, in effect, helping to strengthen cartels. In so doing it may be going directly contrary to the ideas expressed in the report on Canada and International Cartels which was brought in by Mr. F. A. McGregor. It may also mean that Canada would be helping in the formation and functioning of international cartels. Surely that is not the purpose for which the research council was set up. I would refer hon. members to page 45 of that report, where we find a section dealing with the relation of patents to cartels and combines. Mr. McGregor sets out, for one thing, the following:

The essential purposes of the patent law of Canada are expressed in the following extract from section 65 of the Patent Act:

"Patents for new invention are granted not only to encourage invention, but to secure that new inventions shall so far as possible be worked on a commercial scale in Canada without undue delay."

I suggest it should be basic that, rather than having patents sold, for example, to one firm, inventions made by research council officers should be made available as widely and as quickly as possible to all Canadians who can make honest use of them. In any event, in his speech this afternoon the minister used words which indicated that these patents were to be exploited in the public interest. He should go a good deal farther in explaining what he means by that statement.

I now come to the provision for the setting up of crown companies. This is contained in section 9 of the bill, where it is set out as a new section 14 of the Research Council Act giving the research council power to incorporate crown companies. This of course is done with the approval of the governor in council. Under this provision the research council will now have the right to form any number of crown companies. The minister was asked about this during the debate on the resolution. The discussion on the point is reported at page 1897 of *Hansard* as follows:

Mr. Howe: . . . I have no desire to limit the number of companies which the research council can have. If it needs twenty, then it should have twenty.

That, of course, is carrying this business of crown companies much farther than it has been carried hitherto, because until the introduction of this measure, crown companies were set up under the minister's department. Here,

however, the power is no longer in the department, but rather in the research council. If this can be done, there is no reason why the national harbours board or the Canadian Broadcasting Corporation could not be given power to set up crown companies. Amendments could be brought in authorizing such procedure by those organizations. This is going just one stage farther than up to this date the government has gone. These companies will be just one step farther removed from parliamentary control.

In the debate on the government companies operations bill I enumerated our objections to crown companies, and I do not intend to repeat those objections in detail to-day. I stated that crown companies are not subject to municipal, provincial or federal taxation; that they establish a super civil service which does not function under the Civil Service Act; that they will compete with private industry, and that they open the flood gates to socialism.

The minister admitted in the debate on an earlier occasion that the research council could do anything these companies will be able to do. That is recorded at page 2188 of *Hansard,* where we find this, in reply to my question:

Mr. Howe: Of course, but my hon. friend will remember that anything the companies could do, the national research council could do without the companies.

Mr. Green: I suggest to the minister that that is a very good reason why the national research council does not need to set up companies at all.

We suggest to the minister that if companies are required to carry out some of the functions of the research council, such companies should be set up by separate bills. If the minister wants a company to deal with patents, and other rights of that type, then let him bring a bill before the house, at which time he could explain the need for such company. All the powers and all the surrounding facts could be thoroughly considered by the house. I understood the minister to say this afternoon that the crown company to be set up to deal with patents would have to do not only with those owned by the research council but also with inventions made by the universities and other bodies doing research work. I may have been wrong in taking that meaning from what he said, but his words led me to believe that that is what he meant. It is another reason why the proposed companies should not be set up by the research council, but rather under statute of this parliament.

In conclusion may I repeat what I said in opening. We approve the main principle of this bill because we are strongly in favour of research being carried on to the utmost, but we reserve our right to oppose certain provisions of the bill as it is at present before the house.

Mr. A. M. NICHOLSON (Mackenzie): Mr. Speaker, the leader of this group made our position clear the other day when he spoke briefly to the resolution. I quote from page 1886 of *Hansard:*

Speaking briefly to this resolution, No. 14, may I point out that we welcome the proposals contained in it, and look forward to the introduction of the bill. We have long been of the opinion that an expansion of our scientific activities is essential at this time. As a matter of fact, what I fear is that people in public life—political leaders, and in some degree men in charge of our defence forces—are failing to exercise, in the matter of scientific progress, that degree of imagination the scientists themselves are exercising.

When we consider the contribution that scientific workers made during the war years I am sure all members of parliament will support any resolution that will enable Canada to play a more prominent part in the scientific progress of the future than we have in the past. Like the hon. member for Rosetown-Biggar (Mr. Coldwell), I am fearful that we shall be unable to recruit in Canada or retain in Canada sufficient scientific personnel to cope with the problems before us.

This problem is not peculiar to Canada. I have been interested in reading "Endless Horizons", written by Vannevar Bush, in which he outlines some of the problems confronting the United States. He mentions that President Roosevelt wrote to him on November 17, 1944, requesting recommendations, in the following words:

(1) What can be done, consistent with military security, and with the prior approval of the military authorities, to make known to the world as soon as possible the contributions which have been made during our war effort to scientific knowledge?

(2) With particular reference to the war of science against disease, what can be done now to organize a programme for continuing in the future the work which has been done in medicine and related sciences?

(3) What can the government do now and in the future to aid research activities by public and private organizations?

While I do not go all the way with the writer of that book, I think some of his observations would apply to the Canadian scene. In the chapter entitled "War against Disease" he writes:

The death rate for all diseases in the army, including the overseas forces, was reduced from 14·1 per thousand in the last war to 0·6 per thousand in world war II.

Such ravaging diseases as yellow fever, dysentery, typhus, tetanus, pneumonia, and meningitis have been all but conquered by penicillin and the sulfa drugs, the insecticide DDT, better vaccines, and improved hygienic measures. Malaria has been controlled. There has been dramatic progress in surgery.

The striking advances in medicine during the war were possible only because we had a large backlog of scientific data accumulated through basic research in many scientific fields in the years before the war.

In the last 40 years life expectancy in the United States has increased from 49 to 65 years largely as a consequence of the reduction in the death rates of infants and children; in the last 20 years the death rate from the diseases of childhood has been reduced 87 per cent.

He mentions some of the diseases which affect us in middle life and which so far have not been conquered. He refers in particular to cardio-vascular diseases, including chronic disease of the kidneys, arteriosclerosis, cerebral hemorrhage and other diseases which now account for such large loss of life. He says that if we are prepared to carry on scientific work in peace time as we did in war time we can expect great discoveries in these fields. In the chapter on the deficit of scientists, he says:

As a result an accumulating deficit of trained research personnel will continue for many years. The deficit of science and technology students who, but for the war, would have received bachelor's degrees is about 150,000. The deficit of those holding advanced degrees—that is, young scholars trained to the point where they are capable of carrying on original work—has been estimated as amounting to about 17,000 by 1955 in chemistry, engineering, geology, mathematics, physics, psychology, and the biological sciences.

While a similar study has not been undertaken in Canada I am sure the situation is identical here.

In the annual report of the national research council for 1944-45 there is a summary of the scholarships which have been granted since 1917-18. A total of 168 fellowships have been granted; 483 studentships, and bursaries totalling 542. The amount actually expended by the council was $827,788.81. When one considers the contribution made by many of the men and women who have been working as a result of these scholarships, one must agree that this is a very small amount to expend. The research council should have available much larger sums so that continuous work may be carried on in a great many other fields.

I was interested in the remarks of the hon. member for Vancouver South (Mr. Green), who seems to be much concerned about certain sections of the new bill. I think he was hardly fair in suggesting that the research council will be able to establish crown corporations without reference to the minister.

Mr. GREEN: I said, subject to the governor in council.

Mr. NICHOLSON: I did not hear the hon. member mention governor in council. It says, "the council may with the approval of the governor in council." I think that should appear on the record. That means that the research council cannot proceed to set up a new company or take over a company without some reference to the elected representatives of the people.

Mr. FRASER: Just to the governor in council.

Mr. NICHOLSON: We have some say as to what will be done. From time to time we shall have a chance to express an opinion as to whether the action which has been taken has been in the public interest or not. I cannot see any good reason why the national research council should not set up crown corporations to engage in the manufacture of certain products that are for the use of the people.

May I remind the house that when insulin was discovered the late Sir Frederick Banting was offered, so I am informed, over a million dollars to make his discovery available to private industry. But being a great scientist and humanitarian he was not tempted by the offer. Fortunately for those who suffer from diabetes, insulin has been made available to patients without some private corporation having a tremendous rake-off.

One of the recent contributions of the national research council was the discovery of glycol, which I understand has performed very well as an anti-freeze in automobiles. This discovery, I understand, has been turned over to the Saskatchewan wheat pool, which will use it in the public interest. I think the national research council would have been within its rights if it had decided that this anti-freeze, developed at no little public expense, should be produced to serve the Canadian people at the lowest cost and that any profit made should go into the general revenues of the country rather than into the pockets of Imperial Oil or of some cartels that my hon. friends were worried about. This would not be something new. In Saskatchewan some years ago when the farmers were suffering heavy losses from encephalomyelitis in horses, the university of Saskatchewan manufactured and sold chick vaccine, which had proved a successful remedy in combatting this disease. Otherwise the farmers would have been obliged to pay a much higher price for it and would have lost more of their live stock, thereby imposing a

much greater burden on the people of the province. I can see no reason why, if from time to time valuable discoveries are made by research council scientists in fields hitherto unknown in Canada, the results of their investigations should not be used for and by the people. It is true that the national research council has not had experience in this field, but there is no fundamental reason why an organization which made such an excellent contribution during the war should not extend its activities and produce additional revenue in further justification of its existence.

One would not expect that we would go along with the Progressive Conservatives in their protests against section 9, which gives authority to incorporate or take over crown companies already in existence. It was demonstrated during the war that we could not depend upon private industry to do all the research work that was required, and the council having done research work in so many fields there is no reason why the people generally should not enjoy the benefits of that work.

When the resolution was before the committee the minister said, at page 1891 of *Hansard*:

> There should be a considerable turnover of research men. In other words, people should move from universities into the government service, and after they have made their contribution there they should move back to the universities. In government there should be a good deal of moving from one department of research to another department, from one type of research to another. There should be moving from public research into private research, and from private research into public research.

At the time I questioned the wisdom of that policy in an organization such as the research council. I can understand the younger personnel might like to spend some years in western Canada, or in the maritimes, or on the frontier, studying various problems. But many research problems require for their solution the work of a lifetime, and I think that a policy such as the minister outlined should be applied very cautiously. My point the other day was that these men should not leave the research council because of more attractive salaries outside the service. When the agriculture estimates were before the committee I had something to say on a comparison between the salaries of the scientific personnel in the Department of Agriculture in Canada and the salaries for similar work in the United States and Great Britain. The information I gave at that time indicated that in practically every classification the agriculture scientist in Canada received much less attractive remuneration than his fellow scientist in Great Britain or in the United States.

I have here the report of the royal commission on technical and professional services, published in 1930, better known as the Beatty report. The commission consisted of the late Sir Edward Beatty, then president of the Canadian Pacific Railway Company, J. George Garneau, and Walter C. Murray, of the university of Saskatchewan. In its report the commission pointed out:

> It is only within the last three generations that even the most advanced of modern democracies have felt sufficient confidence in their mechanism of public administration, to launch boldly upon their new tasks. The change in the attitude of government to national problems and its willingness to satisfy demands for legislative action, to meet new and complex economic and social conditions, were preceded by the creation of a body of trained experts and administrators, in the service of the state, who could safely be entrusted with the important responsibilities of efficient government administration . . .
>
> The problems of government are becoming ever more complex; the effectiveness of government action must be limited, to a substantial extent, by the quality of the civil service, which is called upon to investigate many subjects of national importance demanding consideration by the government, as well as to make governmental policies effective and governmental decisions operative; and we believe that no more important task confronts those in charge of the country's affairs, than that of improving, and continuing to improve, by every means at their disposal, the quality of the Civil Service of Canada.

They were disturbed in 1930 at the tendency of civil servants, particularly scientific men, to leave the government service for private industry. They say in their report:

> In certain respects, it is true, the civil servant is at no disadvantage, or even at a positive advantage, when compared with other workers of his own kind in private employment.

They observed that those who continue in the service find in a very few years that those who have left it for private industry have much more remunerative positions. In appendix C is given a table showing the average earned income of McGill graduates in engineering at certain intervals after graduation, from which I find that after twenty years those who are with the government service average an annual salary of $3,560; teachers, $4,250; all classes, $9,300; which would indicate that the graduates in engineering who select government employment for a career are sorry after they have been in it for a year or two, because the government employees after twenty years receive an average salary only about one-third of the average remuneration of all other classes.

The report has a special section dealing with the national research council, in which it is pointed out that:

The Canadian scale of salaries under the lowest grade (grade 6) is very slightly higher than that of the United States (grade 9), but in the higher grades the salaries proposed for Canada are substantially less than those paid under the United States scale; for example, the salaries on the scale proposed for Canada range from $2,100, the minimum for the lowest grade, to $8,000.

—whereas in the United States the maxima are a great deal higher. Away back in 1930 this commission made certain recommendations as to what salaries should be paid to the employees of the national research council if we were to hold in Canada the type of men and women essential to do the work which must be done by the national research council. I was interested in the opinions expressed by the Canadian Association of Scientific Workers, Ottawa branch, in a statement presented recently to the Gordon commission, having to do with the problems of the scientific worker from their point of view. They express this opinion:

For years prior to the war it has been the accepted custom for many of our best scientists to proceed to the United States to pursue their careers. This caused no great concern because at that time Canada had no large scientific programme. With the advent of the war the situation changed radically. The national safety and welfare required the immediate inauguration of a large scale programme of scientific research in a number of fields. To-day it is almost universally recognized that Canada must continue to carry on scientific research at the war-time level, and that in fact, the scope of this activity must be expended if Canada is to take her rightful place in the post-war world . . . To-day our experienced scientists and those just graduating from the universities are acutely aware of the better opportunities in the United States, where in some cases the salaries offered are two to three times those being paid for similar work in Canada.

Last January and February I visited the university of California at Los Angeles and Berkeley, and was surprised to find so many Canadians had gone down there. While they like the climate of sunny California, they are loyal to Canada, and if they could return here at half the salaries they are receiving in the United States they would be interested in coming. True, the cost of living is higher down there, but even so they feel that the standard of living is a great deal higher in the United States for men in scientific work than it is in any part of Canada.

The association goes on to point out:

We do not need to look to the future to find a serious threat to the maintenance of an adequate programme of scientific research. To-day, even with the restriction placed on the movements of our scientists, whole projects are being jeopardized because key men have left and are leaving. The loss of these individual specialists is serious enough, but the real calamity lies in the fact that in many cases they are indispensable members of research teams. When one of these men leaves, the whole programme is disrupted for a considerable period. This is the situation to-day and it will become worse until the status of Canadian scientists is radically improved.

Certain definite recommendations are made:

1. The first and most important consideration is the implementation of a salary schedule that will be commensurate with the training, experience, and abilities of the personnel engaged in scientific and technical work. The Canadian Association of Scientific Workers proposes a salary schedule which corresponds roughly to the recommendations of the Beatty commission made in 1929, although the scale is appreciably higher for the more senior grades. This schedule is equivalent to that proposed by the Association of Professional Engineers of Ontario and supported by the Federation of Employee Engineers and Scientists.

They suggest that those who are doing scientific work should be given an automatic annual increment of $150 up to the top of the professional grade 3, $3,900, and that beyond this level promotion should be at the discretion of a review committee consisting of scientists and others. They add:

It is emphasized that this is proposed only as an essential minimum for qualified scientific personnel, and that those individuals with special ability are expected to advance more rapidly. An important feature of the schedule is that the senior scientist is not required to carry out specific administrative duties in order to receive the higher salaries. It is felt that the public service of Canada should be prepared, when the occasion demands it, to obtain the very best scientific man available. He may be a man with no inclination or special ability for administrative work, and it is felt that no arbitrary ceiling should be placed on his salary on this account.

The most significant distinction between this recommended schedule and the Beatty report is the guaranteed annual increment up to $3,900 per year. This, we submit, is absolutely indispensable to the maintenance of efficiency and morale of the scientific branches of the public service. It means that the requirement of a special order in council to enable a scientist to be promoted from one grade to the next would be eliminated.

Another recommendation is:

In recent years a number of women have entered the scientific and engineering professions, and, in spite of the important contributions they have made, almost without exception they have received salaries lower than men with similar experience and training. It is recommended that steps be taken to eliminate this discrimination as it leads only to dissatisfaction and reduced standards, and tends to discourage women from entering these professions at a time when the country urgently needs people with the special abilities required of the scientist.

I am sure that the hon. member for Qu'Appelle (Mrs. Strum) would underscore this suggestion. The third recommendation is:

We urge that every effort should be made to remove all considerations of colour, race or religion from the choice of applicants for civil service positions so that there will be no danger

of the public service of Canada being deprived of the services of competent scientists on these grounds. There appears to be no satisfactory explanation for the query regarding race which exists on the application for employment of the National Research Council.

4. It is urged that there be greater cooperation and interchange of personnel between the universities and the government scientific services. This type of cooperation has already been carried out in a commendable way through the various associate committees of the National Research Council, but it should be extended both in relation to the National Research Council and other government departments.

If the minister had it in his mind to suggest that research workers should move around, I think it should be supported. Work in other countries might be of great value to the council's personnel; and, as the universities have found it practicable and useful to provide a sabbatical year for their staffs, I believe the national research council would find it a very good investment to make it possible periodically for those who are doing research work to visit other parts of the world, without loss of salary.

6. A superannuation scheme is required that will ensure that term appointees suffer no loss when they leave the service after a reasonable period of time.

7. We urge that in all reclassifications of the salaries of scientists, and in other matters concerning their welfare, representatives of the scientists themselves, drawn from all grades, should be consulted before such decisions are made, and every effort should be made to acquaint these representatives with all the factors governing the decisions. We submit that if this policy were to be carried out it would result in improved efficiency in the scientific services, and would constitute an important step toward solving the critical problem of keeping our scientists in Canada.

There is one other matter with which I should like to deal briefly before I conclude. I have been speaking chiefly of the work of the scientific personnel. I understand that the technical staff of the national research council are in an even worse position than the scientific personnel. I find that the maximum salary available is very low, taking into account the importance of the work they must do. It is folly to have well-qualified scientists in a laboratory if the technical personnel, who are essential if the research work is to be done, are not adequately paid. I am told that some of the technical personnel who have been there for several years receive much smaller compensation than the janitor staff. I know the janitor's work is important, and I should be the last to suggest that anyone doing such work is overpaid. But those who have special qualifications and are doing important work should be paid at least as much as those who are doing janitor's work. I hope that when we are in committee the minister will make some statement as to the salaries being paid to the technical personnel in the various departments of the national research council. I hope he will also answer questions regarding the years of service of members of his staff and tell us something about the promotion they have had. I am thinking of the salaries I have seen set out in the public accounts as being paid to some of the men who were with me in the university twenty years ago. I had the greatest respect for them in those days, and have always had. I know that many of them worked nights and on Sundays in the investigation of research problems which were more important to them than playing rugby or hockey or basketball, and many of them have been as conscientious since joining the staff of the council as they were in their undergraduate days.

I cannot see any good reason why many of those who have their doctor of philosophy degree and have been for so many years with the council should not be in higher salary brackets than they are, and the same applies to the president. I know that the president is receiving a substantial salary, but I attach much more importance to the job he is doing than I do to that of the governor of the Bank of Canada. I suggest that from the president down the salaries of the scientific and technical employees of the council should be revised upward.

During the war the Minister of Reconstruction and Supply adopted the policy that whatever was physically possible and necessary would have to be made financially possible, and many unorthodox things were done. I suggest that now the national research council is under his supervision those engaged in research should receive as much as those in comparable positions in other government departments and in private industry.

Mr. J. H. BLACKMORE (Lethbridge): The bill before us is a bill to amend the Research Council Act in the year 1946. We have passed through the most tragic war in history and we are now in the age, above all ages, in which mankind can produce, or has the best possible chance of producing, all the good things that are necessary for a high standard of living in the world.

We are now considering a Research Council Act which, I take it, might be assumed to point out the ideals of the government with respect to the needs of Canada for national research during the next few years. Let us view the act for a short while in the light of that fact. The bill is a good one as far as

it goes, but it does not go nearly far enough. In fact, it stops practically where it ought to start.

The war caused the expansion of the research council's work. What for? To help Canada and her allies to win the war. The close of the war ought to cause the expansion of the council's work. What for? To help Canada and her allies win the peace. Shall we consider the act for a few moments in the light of that state of affairs? In order to do so, shall we ask ourselves this most challenging question: What is the problem which, above all other problems, needs to be solved in order that Canada should aid her allies in winning the peace? After answering that question to our satisfaction, let us ask this other question: Does this act apparently envisage the carrying on of such investigations by the national research council as would enable Canada to solve that problem?

To help the united nations win the peace, the council ought to study the problems of social science, the problem of how to enable mankind to live together. Surely that must be obvious. The science of producing goods and services has already progressed so far that production has far outstripped consumption. It had done so fifteen years ago. Canadians do not know how to distribute fully what they have now learned to produce; yet this act is apparently to concentrate on the problem of greater production and to give no attention whatsoever to the problem of consumption or distribution.

Any government that is willing to face realities realistically should have provided that its research council should concentrate much of its effort upon the problem of how to distribute. Recently it has been said that the science of living together has lagged far behind. It is well said. Then let us by all means bring up to date our social science or science of living together.

Even before the war Canada needed a new method of distribution. What caused the depression which blighted this nation in the ten years preceding the war? What caused it if not the fact that we had learned how to produce more than we could distribute? An hon. member will recall, it was commonly said in those days that we had overproduction. After the word had been used for about five years, someone suggested that we ought to say underconsumption instead of overproduction. That was the wise thing to say under the circumstances.

During the war our productive capacity expanded tremendously, and to no man in Canada will history accord more honour for that achievement than to the Minister of Reconstruction and Supply (Mr. Howe), who is now piloting this bill through the house. The figures which have been used rather commonly are these, that during the last year of the war Canada was producing nine billion dollars' worth of goods in a year. If that seems to the minister not the right figure he might interject a correction, but, as I recall, those are the figures which were used by the Bank of Canada.

Surely, now that the war is over, the necessity for a new and scientific method of distribution is greatly aggravated. If we needed such a method before the war, how much greater is our need now? This was true even before the discovery of atomic energy. To use the abundance resulting from the industrial employment of atomic energy, we simply must have a scientific method of distribution. Great numbers of machines have never been permitted to come into use because they would have thrown so many men out of employment that the millions of the world would have been thrown into chaos. What an inconceivable number of men are likely to be thrown out of work by the industrial use of atomic energy, the mind really dreads to contemplate. What unimaginable chaos would result from the stupendous production attainable through the use of atomic energy, coupled with the tragically ineffective distribution system which has afflicted mankind and still prevails, one recoils from considering.

To illustrate how serious the situation is for the world, may I refer to a statement made during the war by the late President Roosevelt? As I recall it, he made the statement in October, 1944. He said that after the war he wanted the United States to find sixty million jobs by trebling her exports of goods into the markets of the world. In other words, the United States was planning to export sixty millions of her unemployed and distribute them hither and yon among the populations of the helpless peoples with whom she traded. That fact is tragic, is it not? If under the system we were using, the United States felt she had to export enough goods to give sixty million unemployed a job, what can be said of Britain and Canada? What must their needs be? The United States is one of the most fortunate nations on the face of the earth. She is practically self-sufficient; she has over 130 millions of people; she has an industrial equipment second to none in the world; she has a transportation system adequate to the carrying to and fro of all her goods to her people; she has financial strength which

dominates the whole world. How can one possibly find a more complete condemnation of the method of distribution which we now use? Where can one find more potent evidence that we should set our national research council to work learning how we can distribute the goods which we produce without such extravagant measures as President Roosevelt was meditating when he made the statement?

In my judgment the bill—and I speak with all deference to the minister, a man for whom I have the highest esteem—is simply utterly inadequate. If you ask me what we Social Crediters think of the principle of the bill, there it is. It provides for more productive science discoveries, but no social science discoveries whatsoever.

How serious is the need of a new system of distribution in Canada? It can be shown by a letter which was written to me on September 25, 1945, by Mr. J. L. Forsyth, statistician of the dominion bureau of statistics, dealing with the wage rates prevailing in Canada in the years 1940 to 1941. This letter shows up the kind of problem which, above all others, the Canadian government should, in my judgment, be concerned with. To-day we have strikes in every direction, trouble and unhappiness. What is the matter? Surely we should be examining into that problem, and it looks to me as though the national research council ought to be the body charged with the responsibility of so doing. May I read Mr. Forsyth's letter? It is as follows:

> Further to our telephone conversation of this morning regarding the percentage of wage-earners receiving various amounts of income.
>
> The percentage of wage-earners earning less than $450 for the twelve months' period prior to date of the census, June 2, 1941, was 32·9 per cent; 28·7 per cent of the wage-earners reported earnings between $450 and $949; 29·9 per cent earned between $950 and $1,949, and 6·8 per cent earned $1,950 and over. 1·7 per cent of the wage-earners did not state the amount of earnings for the year.
>
> For your information I am enclosing herewith census bulletins showing the earnings of wage-earners by occupation and the earnings and employment of wage-earners for the various census divisions or counties as well as a number of urban centres in Canada. The above statistics are taken from these bulletins.
>
> Yours very truly,
>
> J. L. Forsyth,
> Statistician.

In reviewing the letter we notice the following salient facts: 32·9 per cent of the Canadian wage-earners received in the year prior to June, 1941, less than $450 a year. I submit this simple question to hon. members: Do you suppose that any person in Canada should be obliged to work for an income as low as that? Yet apparently nobody knows what to do to change that tragic situation except by strikes. Then 28·7 per cent of the wage-earners earned between $450 and $949. This means that 61·6 per cent of the wage-earners of Canada received less than $950 a year, during a time when in order to support a family in decency and with the necessities of health they should have received $1,500 a year. If you want a problem for the national research council to sink its teeth into there you have it; how to adjust that grotesque, fantastic imbalance in our Canadian way of life. And 91·5 per cent of all the wage-earners in Canada received less than $1,950 a year. I do not believe that any family in Canada, if it has one or two children, ought to be called on to live on less than $2,000 a year. What are we going to do about it? There is the problem. I think I have said enough in a general way.

Mr. GRAYDON: Hear, hear.

Mr. BLACKMORE: We have "hear, hear" from the helpless creatures who have no idea what to do about the situation and who are quite contented to rest and leave it as it is. That is a pathetic situation, and yet they call themselves progressive. If you need anything to point to the complete irony of the situation there you have it.

This bill reflects upon the Prime Minister of Canada (Mr. Mackenzie King). While we were discussing the atomic bomb question last year he said, as reported at page 3638 of *Hansard* of December 17, 1945:

> We should, by every means in our power, support and strengthen every agency of international cooperation and understanding which can help to make the world community a reality.

I submit that it is utterly impossible for Canada to do to-day what the Prime Minister said we ought to do, so long as we depend entirely upon international trade as a mechanism for the distribution of goods. All we are doing at the present time is depending upon international trade as a mechanism for distribution. Under the circumstances failure to make provision for the submission of this problem to the research council is a reflection upon the membership of the house, and especially upon the government.

This bill could have offered means of supporting the ideals behind the Atlantic charter, but it fails to do so. In fact, if this is all the government has to offer for the solution of our problems—and I presume it is—it betrays the Atlantic charter.

I would assume that all hon. members have received copies of this excellent booklet "Into the Atomic Age", which has been distributed

by the Montreal *Standard*. At page 18 they will find an article by Albert Einstein, from which I should like to quote briefly:

> We delivered this weapon into the hands of the American and the British people as trustees of the whole of mankind, as fighters for peace and liberty.
>
> But so far we fail to see any guarantee of peace, we do not see any guarantee of the freedoms that were promised to the nations in the Atlantic charter. The war is won, but the peace is not. The great powers, united in fighting, are now divided over the peace settlements. The world was promised freedom from fear, but in fact fear has increased tremendously since the termination of the war.
>
> The world was promised freedom from want, but large parts of the world are faced with starvation while others are living in abundance.

This serves to indicate the lines along which this man's thoughts are travelling. I wonder if that great scientist would look with complete approval upon the bill we are considering today. I wonder if he would say that it makes provision for the solution of the problem upon which he puts his finger.

I have no further remarks at the present time. I am sorry the bill is no better than it is. Our group will approve it, so far as it goes. But may I most earnestly urge upon the minister that he do not leave this matter of how we may live together in the world without first making provision, even in this session, for some competent body of eminent students to take over the problem and endeavour to learn how we may live together, how we may distribute that abundance internally and internationally which the great Creator has enabled us in this remarkable age to produce. I leave that earnest request with the minister.

Mr. H. W. HERRIDGE (Kootenay West): Mr. Speaker, I rise briefly to express my support of the principle of the bill, and to make a few observations with regard to two sections in it. I have listened with keen interest to the debate. In my view, our aggressive Conservative friends are too nervous in respect of this legislation from their point of view, and some of our other hon. friends are too optimistic regarding its socialistic possibilities.

As I view it, this is a minor development of state capitalism, and common sense indicates that it is correct action. But I want to say this, that I object to the new section 14 which provides that with the approval of the governor in council the council may procure the incorporation of one or more companies.

We are at a time in our history when, whether our development along the lines of state capitalism will be democratic or whether it will evolve into a fascist state, depends upon our actions in this parliament. If one studies carefully the early history of the fascist regime in Germany, and gives careful consideration to the legislation passed in those early days of Hitler's power, he will find that a number of bills of this type, which gave the government wide power and established what we would describe as crown companies, or organizations, which could carry on their future operations without reference to the representatives of the people, were forced through the German reichstag. In Germany that was a development of state capitalism, the real motives of which were covered with a facade of socialist terminology; but that facade of socialist terminology actually concealed monopolistic intentions and developments.

That is why I take strong objection to the section which provides that the governor in council only may give permission to incorporate companies. I believe that if these companies are to serve the people and if we are to assure the democratic development of this type of state capitalism, such companies must be born as the result of parliamentary action, and should report to parliament. In my opinion, the representatives of the people should have an opportunity to examine the objectives of these companies, as well as their financial arrangements and development, how their whole scheme of organization is related to our economy as a whole, and to decide whether the work they are doing is in the interests of the general public. Therefore I believe that we are taking a step in the wrong direction when, under the authority of the governor in council alone, we consent to the organization of crown companies for the purpose of implementing public ownership.

In addition, I believe that the patents covering discoveries should remain the property of the people, through the companies concerned. Section 7 (i) reads:

> To license or sell or otherwise grant or make available . . .

I object to the word "sell". I believe that the right of ownership in these patents which will be and have been developed at public expense, and as the result of public and social action, should be retained by these companies for the people.

My major point is—and I repeat it before taking my seat—that if we are to assure the democratic development of this type of state capitalism, parliament must retain control.

Mr. WILLIAM IRVINE (Cariboo): Mr. Speaker, I desire to say a few words respecting the principle of the bill. The government shows, through the bill, that it desires to promote scientific research. I am in full accord with that desire. I believe that we

must of necessity, in a true scientific spirit, follow through to the logical destiny of this scientific age. But the expression "scientific research" is a blanket one, leaving the implication that it includes all kinds and all branches of all science.

I am afraid, however, that in this bill the government is limiting itself to a narrow field. The bill is confined to the narrow field of physical sciences, those which may be most readily adaptable to industry and those discoveries which may most readily lead to profit making by individuals. I should like to be assured by the minister that sociological science will also be tucked in beneath this blanket phrase of scientific research. No hint has been given that this will be done. In fact, in answer to my question the minister gave a direct negative, that there is no thought of studying social science, that we are just going to carry on with the study of the physical sciences.

It has often been remarked that the physical sciences have progressed far beyond the social sciences, that they have gone far beyond our power to control them and use them properly for human needs. This fact has been deplored by those concerned with the stern facts of our social and economic life. I noticed that when the leader of the opposition (Mr. Bracken) was speaking on atomic energy he made reference to this fact and said that the physical sciences have far outstripped the advances made in social science. It is not hard to understand why that should be. I believe it was Pope who said that the greatest study of mankind is man. It is probably because of the greatness of the study that we have been loath to take it up. Perhaps it has been neglected because it is not quite as remunerative a subject to follow as some of the other branches of science.

As between physical science and social science, the physicist has all the advantage. If he makes a discovery that is marketable, then he not only has a chance of being kept at his job or of selling his discovery, but also has the satisfaction of seeing the job to which he has given his life applied to something of value in human experience. That gives great encouragement to those who are studying in the physical sciences. But it is a very different matter when you start out to make discoveries in the field of social science. A newly discovered energy or an invented gadget which will make $2 grow where $1 grew before will be snatched at avidly, but a Christ with the discovery of a human brotherhood in his heart is quickly crucified. Such a man spends his time in the study of the social questions of life. However, such discoveries have hitherto not been wanted by the few who have dominated the economic system based on the economic conquest of the many by the few.

The failure to pursue and apply social science has brought about dangerous results which we now face in both the domestic and the international sphere. As I see it, society has been left like a child to play with the matches and fire furnished by the physical sciences. There have been no signs of indicating the objective to which the discoveries of physical science should be devoted. We have given ad lib to the physical sciences. I have no quarrel with that; my quarrel is that we have not given equal study and equal attention to the social side of the question.

Human experience through a long period has known of what are supposedly antinomies, that is, antagonisms which seem to be irreconcilable quantities ready to rend asunder all human relationships. I should like to mention just a few as an indication of what I am driving at in my implication of the study of social science. We have seen in the great historic struggles of man such conflicts as the struggle between the ideology of the natural and the supernatural, between the human and divine in man himself and the struggle between the sponsors of mind and matter as interpretations of the universe. Finally we have come down to one of the sharpest struggles of all, the struggle of individualism against society or of society against the individual.

But all these antinomies have been proved by history to be false or incomplete. These conflicts proved to be reconcilable. Conflict came about because each point of view was treated as being final and complete in itself. In fact, those historic conflicts now appear in the light of wider knowledge as two partial views of the same reality. The great struggle to-day is that between the ideology of individualism and that of socialism.

Neither of these concepts can be regarded as absolute any more than the conflict between the natural and the supernatural could be regarded as absolute, or any more than the conflict between what is human and what is divine, and between what is mind and what is matter. The philosophy of individualism is no more absolute than the philosophy of socialism. In fact they are reconcilable. Free private enterprise and the social objective of socialism are not necessarily antinomies. Free private enterprise, of course, is essential, but it must flow like individual streams into the great current of social purpose and well-being. Ten million

people with ten million free enterprises, not one of which cares for society, would not create the kind of society that any of us would want to live in. But ten million enterprising people working for the common good of all would be a very satisfactory condition as I conceive it.

Mr. SPEAKER: I am sorry to interrupt the hon. gentleman, but I do not think his remarks are relevant to the bill which is before the house at the present time.

Mr. IRVINE: I am sorry if I have to argue that with Your Honour. The bill before the house is for the promotion of scientific research, is it not? If that is so, am I to understand that the Speaker of this house is ruling out one of the greatest branches of modern society and precluding its discussion under the bill? If so, then I have nothing more to say. Do I understand that, Mr. Speaker?

Mr. SPEAKER: The hon. gentleman will understand that it is most disagreeable for the Chair to interrupt during a speech, but it is the duty of the Speaker to keep the discussion relevant to the bill before the house. The rules are very clear that on second reading the principle of a bill should be discussed.

Mr. MacINNIS: On the point of order, may I suggest that the principle of the bill is scientific research, and it seems to me that any scientific research would come within the purview of the bill and consequently would be a matter for discussion on the second reading.

Mr. HOWE: The hon. member has suggested that additional amendments be made to the bill, and I think on a discussion of the motion for second reading he is quite in order to bring up matters which he believes should be included in amendments to the Research Council Act.

Mr. SPEAKER: If the hon. gentleman has the unanimous consent of the house he may proceed.

Mr. IRVINE: I do not wish to ask for the unanimous consent of the house to discuss something which I am quite convinced is in order. If you say it is not in order I will sit down. I want to know whether or not I am in order.

Mr. SPEAKER: The hon. member knows that the house is master of its own rules. If the hon. gentleman has the permission of the house to proceed, he may proceed.

Mr. IRVINE: I shall proceed until either you or someone else stops me.

Mr. MacINNIS: Or until you have finished.

[Mr. Irvine.]

Mr. IRVINE: Or until my forty minutes have elapsed. I think what I am getting at will be quite clear and I do not think, sir, you will consider it to be out of order. If social science had been directing human affairs to the same degree as physical science has figured in industry in the last half century, we would not have many of the problems that we have to-day. I am arguing that while it is well that we should maintain and support further research in the physical sciences and apply them to the great systems of production and distribution, the principle of scientific research should be extended into the social field so that we may thereby be in a position to give direction to physical science in bringing about the best possible solution of human problems. Because this has not been done, the industrial application of physical science, which should have relieved man of drudgery and brought him within the compass of economic security, has brought such things as total war and wholesale slaughter in the international field and unemployment and want in our domestic economy, where leisure and abundance might have been the reward.

I suggest, sir, that such a matter as enforced idleness without adequate income to make living possible is a very serious problem indeed. I suggest further that the advances in the physical sciences have helped to increase the numbers of those who have to put up with enforced idleness on an inedequate income, and therefore it is right within the compass of this bill to be discussed.

It is common knowledge that science may be used to achieve any end. It may be used to destroy; in may be used to construct; it may be used exclusively for the achievement of personal gain; it may be used for communal benefit. It may be used for either one or all of these, so that if we are to subsidize scientific research it is important that we should know what is to be done with what we discover. What is the end we strive to achieve? If we are to spend public money on scientific research, we should have, I repeat, some say in how that will affect mankind. It is the very business of human nature itself to decide the ends toward which all scientific knowledge should be directed.

Science has two functions: one, to give man a realistic view of the whole phenomena of existence, and, second, to provide man with the means of controlling his environment and his destiny. Says Huxley in his "What Dare I Think?":

> Science as a principle and body of knowledge is essentially a means. It provides the only way of achieving distant and elaborate ends.

If, therefore, the great advances made by science are to be applied to human life it is time that we should be considering how science can make that possible. If science is a means and if we are to promote it we must ask ourselves: To what achievement is our proposed scientific research to be the means? Since the social sciences will assist us to determine worthy ends for the application of physical science, which this bill proposes to promote, then the social sciences are at least of equal importance with the physical sciences. Indeed I would say that they are of greater importance, for what is the use of discovering atomic energy if it is to be used to destroy us wholesale? What is the use of hitching atomic energy to industry if it will rob the great bulk of the workers of employment and expose them to starvation in the midst of abundance? These are not rhetorical questions. They are practical. They are now facing us. For example, steam, electricity, the internal combustion engine—all these were the products of scientific research and all held great possibilities for the benefit of mankind. All were revolutionary. But because of a neglect of the social sciences, the beneficial ends which applied physical science might have achieved were never reached. If atomic energy comes anywhere near the expectations of those who speak of it most it will create a still greater revolution, and that revolution not only will be industrial but will reflect itself immediately in social relationships both within the national economy and in the field of international politics and trade.

But apart entirely from atomic energy there is still urgency for research in social science with a view to bringing it abreast of modern scientific progress. If that is not done the further pursuits of physical science are of doubtful benefit. We in this parliament are, I believe, quite up to date in our industrial technology. We would not wish to be represented as standing in the way of passing a bill of this sort because it would show us to be back numbers in the scientific sense. We want to be abreast of the times. We want to see our government lead and sponsor investigations of physical science. Of course we do. We are up to date in our physical science and in our industrial technology, but I suggest to you, sir, that we are antediluvian in our social studies and in our politics. I suggest again that the minister should give some thought at least to the point I am trying to make, and I hope that he will see fit to do something along the lines I am suggesting.

I assert also that this parliament should have something to say as to the degree of secrecy to be exercised concerning scientific discoveries resulting from this publicly financed enterprise of research. I am wondering whether our scientists to-morrow under this act will be subject to the Official Secrets Act. Will they be liable to a charge of espionage if they happen to mention to some other scientists what they are working on, the progress they have made, and the hopes they have for what they are engaged in? I note that there is some mention of provision for liaison offices in London, Washington and Ottawa. I wonder whether that principle is to be extended. I believe that to bottle up scientific discoveries for any reason is to do violence to the very spirit and principle of science itself, and I hope that in any research furthered by this government every precaution will be taken for the fullest exchange of scientific knowledge between Canada and every other nation of the earth and that no attempt will be made to keep secret anything which our scientists may be fortunate enough to discover. By the same token they should have the suggestions and the opinions of other scientific students across the entire world.

I have referred to the apparent opposites which history has revealed in the human struggle. These struggles will appear later, say five hundred years hence, insignificant. To-day some of us are struggling in this house against each other and we are quite serious about it; I imagine that five hundred years from now some of these questions will have come within the range of science and will seem extremely petty. I do not suppose that people at that time will pay much attention to them; rather they will wonder how anybody spent any time on them at all.

I am bringing this out because, lacking confidence in this particular branch of science, namely sociology, people have gone very much astray. Men have been tortured and slain for causes which a few centuries later would be relegated to the funny papers. One finds the same antagonisms here; even in this parliament, racial, religious and political prejudices exist. All these thrive where the light of science is precluded. Our own parliament reflects these fears and prejudices in its wrangling over the basic ideas of the various parties. There is nothing either creative or scientific in that practice, and this I say even though I have my share in it. I think it is well for us to remember that no political idea, no political philosophy, no political party is absolute; it will be much nearer to say that they are obsolete. For that matter, neither private ownership of industry and enterprise, nor public ownership of industry with social objectives, nor the most complete control and

administration of systems of finance, can be considered in themselves a complete solution of all or any of our modern human problems.

It is for these reasons that I urge the necessity of having a competent branch of research into sociological questions joined with researches into other branches of science. Each view held by the various parties in this house, however valuable, is only a partial view of a greater reality to which we are all striving to attain. The only way that that reality can be achieved or even seen is by the impartial approach of the scientific mind. As long as we are stirred with emotionalism and racialism and all the prejudices of the past it will be difficult for this parliament to find scientific solutions of the economic, social and political problems of this country.

Mr. NORMAN JAQUES (Wetaskiwin): I have listened with interest to the debate this afternoon, and there are two or three remarks I wish to make, mostly arising from the ideas expressed by members of the group to my immediate right. They seem to assume, as so many do to-day, that science has the answer to every question and that you have only to get larger and larger aggregations of people and then you can solve larger and larger problems. But surely it is fundamentally true that life is not a science and that science is not the answer to life; it is not the explanation of it. So I cannot assent to the idea that all we have to do to solve our problems is to set up huge bureaucracies and hand over to them our responsibilities as individuals, and they will automatically find the solutions, much as we can turn out material things by mass production. Surely, if any fact is true, it is that all the greatest and all the most beneficial discoveries in this world have been made by individuals. That is as true to-day as it has always been. You could gather together all the expert teachers of English grammar and form an English bureau, and is there any likelihood that they could produce any worth-while literature? We owe the art of poetry to such humble people as Robert Burns. So with music; for instance, suppose you assembled all the music teachers in Canada and formed them into a bureau and set them to work, is it likely that they would produce a single bar of worth-while music? All the music which is worth listening to to-day has been produced by men who have been inspired as human individuals and not as scientific machines. That is the point I wish to make.

One of the books I have read on the atomic bomb has been quoted to-day, and apparently the scientists who have produced this terrible weapon presume—and it seems that others are willing to allow them to presume—that they are the ones who are to tell us how and when this weapon is to be used. Of course, it takes scientific training to produce a bomb; but what I want to make clear is that the greatest scientist who ever lived is no more competent to say when that bomb shall be used than is the most humble man on the street. More than that, if individuals were left to their own devices, it is not likely that they would have produced such an evil thing as the atomic bomb. It took billions of dollars, and hundreds of scientists, and they ceased to be human individuals and became scientific automatons. It is they who produced the atomic bomb; it is they who presume to tell the world how it should be used; and if we do not obey their dictates we shall be blown off the face of the earth.

All human progress has been made through the divine revelations made to individuals. Science is no answer to the major problems that confront the world to-day. We have to go back to first principles, to Christian principles. Without that the world is lost.

Recently a book has been sent me "The Anatomy of Peace," and the very purpose of it is to prove that Christianity has utterly failed and cannot help the world out of its present troubles. I would not say anything if the views that appear in that book represented only the opinion of its author, but the book is endorsed by numbers of public men in the United States. I will not mention their names, but I might say that one was a scientist who was referred to this afternoon, Professor Einstein. That, I believe, is the chief trouble with the world to-day. It thinks that science can solve the problems of the world when only a return to Christian principles can save us from the disasters with which we are faced.

Mr. ANGUS MacINNIS (Vancouver East): I did not intend to take part in this debate, and I do so only in reply to the last speaker (Mr. Jaques), who has ascribed to this party certain views and attitudes which we do not hold. He stated we believed that all that was necessary to have a perfect world was to have larger and larger aggregations of people come together and appoint what he calls bureaucrats over them, and everything would be fine. I do not think it is necessary for me to refute this idea. The hon. member who preceded the last speaker made it as clear as it could possibly be made that we do not believe that anyone has a corner on absolute virtue, that collectivism is not a sufficient answer by itself to the present problems of the world, and that certainly individualism is not a sufficient answer to those problems.

What are we to make of the hon. gentleman's statement that what we must do is to go back to first principles? What are first principles, and how do we get back to them? The position we are now in is that there have been scientific developments; that because of those developments man has multiplied upon the earth, and that by using those scientific developments to live together we have raised ourselves, perhaps not to any great height, but certainly beyond the conditions of the cave man. Does he suggest that we go back to the cave man? He should define first principles. He should define his concept of the fundamentals of religion.

An hon. MEMBER: Who says there was a cave man?

Mr. MacINNIS: I assume there must have been.

Mr. JAQUES: I made it clear that I meant a return to the principles of Christianity.

Mr. MacINNIS: But the principles of Christianity are only two thousand years old, whereas our human life goes back over a very considerable period. People who ought to know say, billions of years. So that to ascribe to us certain ideas, and to make statements such as the hon. gentleman made, merely indicates a lack of knowledge on his part. I have heard my hon. friends time and again state in this house how much more productive an individual is in this modern world than were our ancestors even a few score years ago.

Mr. BLACKMORE: Is it not true?

Mr. MacINNIS: It is quite true, but it is not the individual man that is productive. The individual man is no more productive to-day than he was ten thousand or a million years ago. What is productive is the social man, and if you put a man to work producing anything to-day or put him to make his own living, the individual man to-day is less capable of producing his own livelihood, as an individual apart from society, than was his grandfather or his great-grandfather, because he is farther away from the simple principles of living upon what he produced himself. But social man is so productive that we do not know what to do with the volume of the things he produces, so we have to call a war every twenty-five years or so in order to destroy our surpluses. What we are here trying to do is to get away from that and to use our scientific achievements in production; and, as the hon. member for Cariboo (Mr. Irvine) said, to use those scientific achievements also in distributing the things we can so abundantly produce.

That is what this party stands for. We do not maintain that we have any corner on knowledge or even on good intentions, but we do maintain that by making use of the knowledge which the human race has acquired over the years we can make progress.

Hon. C. D. HOWE (Minister of Reconstruction and Supply): There is very little that I need to say at this time. The principal suggestion in the debate is that the scope of the amendments should be enlarged to include the social sciences, as well as the work now encompassed in the Research Council Act. I think it is inevitable that the work of the research council will centre primarily on applied science rather than on pure science. The reason for that is that it is possible to organize the work of applied science. A project can be organized that has as its objective the applications of known facts of science to a particular problem. For example, it is possible to work out a method for producing magnesium, which has been mentioned in this debate. That was worked out, and I will later say a few words about Dominion Magnesium Limited in reply to the question of the hon. member for Davenport (Mr. MacNicol), which I agreed to do. But it is not possible to organize research in the field of pure science in the same way.

The council can assist universities in organized research on these lines, but it is not usual that the discoveries of pure science come from organized efforts. Reference has been made in this debate to the discovery of penicillin. Last summer I had the good fortune to spend a day with Sir Alexander Fleming, the discoverer of penicillin. We both received honorary degress from Harvard on the same day. I was interested in his description of how penicillin was discovered.

Sir Alexander was relieved from his ordinary duties as a teacher and he was doing some independent research on the virus of a malignant disease. He left his cultures by an open window and when he came back the next morning he found that they were dead. He was a highly trained man of science and he thought there must be some reason for it. So he tried it again and again; each time that he left his cultures by an open window he found them dead the next morning. He then set out to discover what was killing them and he traced the cause to a mould which was being blown through the air. He then started to work on the mould to see what medical properties it contained. From that research came the discovery of penicillin.

This country needs more men in the field of pure science. There is no question about that. It needs more work in pure science.

Europe has constantly led the Americas in work in this field. The reason, according to men who have studied the matter, is that there are more highly trained men of leisure in Europe than there are in this country. I listened to a discussion on how pure science could best be advanced in this country, in which it was suggested that if well-trained university men were put on a pension of $12,000 a year, with the undertaking that if they would care to spend any of that $12,000—they would spend their time as they liked—on any particular line of research, such expenditures would be added to by the state in the proportion of three to one. These highly trained men would be assigned no particular task. They would be on pension and they could do as they liked. If they cared to take up any particular line of research, their expenditure in that work would be supplemented. By such means it might be possible to develop scientifically trained men of leisure who could be expected to contribute discoveries in pure science. I am simply throwing that out to explain why the national research council does not primarily organize research work in the field of pure science.

Mr. MacNICOL: Would the minister permit a question?

Mr. HOWE: Yes.

Mr. MacNICOL: Not having a thorough understanding of the men of Europe to whom the minister refers, may I ask if the developments over there were brought about on their own initiative, or organized by some government?

Mr. HOWE: On their own initiative, for the most part.

Mr. MacNICOL: That is the difference between a man working on his own initiative and working under government auspices. The men of whom the minister is speaking who may be paid $12,000 a year would be working under the government. Men of that type have not the initiative. Not having that initiative, they would not rate one, two, three with the men who are working under their own initiative. That is the difference between private initiative and government control.

Mr. HOWE: I hardly suggest that a large income is a necessary corollary of ability. My hon. friend will find that in the field of pure science discoveries have been made not so much by men of wealth, as by men of leisure. Certainly Sir Alexander Fleming was not a wealthy man when he undertook to discover what was happening to his cultures, what caused them to die when he left them by an open window. It is a fact that in Europe there has been a leisured class of men trained in science. In this country we expect men trained in science to buckle down and be producers. Perhaps that is the reason why this continent does not advance as rapidly in the field of pure science as do the older countries.

At six o'clock the house took recess.

After Recess

The house resumed at eight o'clock.

Mr. HOWE: Mr. Speaker, to continue my remarks before the hour of recess, I would refer to the comment on the permission sought in the bill to build pilot plants. In the past, the national research council has taken the view that its duty was to work out the scientific process, and leave the actual development work to others. It has been found, however, that, in some cases, the proving of the scientific work by means of a pilot plant is necessary to carry out the objectives of the national research council.

In explanation, I would refer to the Dominion Magnesium plant, and in doing so I shall carry out my promise to the hon. member for Davenport (Mr. MacNicol) to explain the position of that plant.

In 1937, experimental work on the production of metallic magnesium was initiated by the division of chemistry of the national research council under the direction of Doctor L. M. Pidgeon.

Until 1939, this research was largely confined to the established electrolytic methods when work was started on thermal reduction methods, or what later became known as the Pidgeon process, which uses the reaction taking place between calcined dolomite and ferrosilicon.

At the close of 1940 the situation was as follows:

(a) The national research council had financed work on the production of metallic magnesium through the reduction of dolomite by ferrosilicon, at a total cost of approximately $22,000. At this stage no patentable discovery had been made.

(b) It had been demonstrated that magnesium could be produced by this process on a laboratory scale, but it was not known whether it was practicable successfully to expand the laboratory retort to a commercial plant size, and it was realized that this involved problems of more than ordinary difficulty.

(c) The council had discontinued investigations on this process as the questions indicated in (b) above could only be answered by

greatly expanding the investigation to pilot plant scale, at an estimated cost of at least $25,000 per annum. The council did not consider that the process was sufficiently promising, in competition with existing established processes to justify this expansion at public cost...

(e) At the close of 1940 it did not appear probable that the Pidgeon process would be used commercially for the production of metallic magnesium, even for war purposes, as there was no certainty that this process could operate commercially, or would produce metal at a cost that would compete with established processes. The associate committee on magnesium of the national research council, which includes members of the staff of the Departments of National Defence and Mines and Resources, and the research council, about this time officially recorded its view that if the dominion government desired to establish a commercial magnesium plant immediately, one of the established existing processes be used, rather than a plant based on the experimental work of the council up to that date. That was the situation at the end of 1940.

In January, 1941, Doctor Pidgeon showed Mr. W. E. Segsworth a four-inch retort which was in successful operation in his laboratory, and on the following day Mr. Segsworth and Mr. R. J. Jowsey called on the acting president of the national research council and discussed possible business arrangements to finance a pilot plant for the production of magnesium by what is now known as the Pidgeon process. As a result, an agreement between the council and Dominion Magnesium Limited was signed in April, 1941.

This agreement provides that the company pay not only the entire cost of the research carried on thereunder, including the salaries and expenses of the staff employed thereon, the cost of equipment and supplies required in connection therewith, and the sum of $4,000 per annum in respect of overhead, but also an additional sum of $30,000. The total expenditures of the council on the investigation of this process prior to the agreement were $23,165.66. In addition, the company had to expend each year on research work considerably more than the $25,000 estimated by the council as the minimum amount required to expand the investigation to pilot plant scale.

Following investigations carried out at the expense of the company under the above agreement, the company established a plant for the manufacture of magnesium by the Pidgeon process near Renfrew, Ontario, but before this plant was ready for commercial production, it was taken over by the dominion government under arrangements made by the Department of Munitions and Supply.

It will be seen from the foregoing that Dominion Magnesium Limited has invested considerable money and has taken considerable risk in developing the Pidgeon process for the manufacture of metallic magnesium, and that during the war period it made no profit on its investment in this process. In addition, it still remains to be proven whether in the post-war period this process can successfully compete with other established processes for the production of magnesium.

Reference has also been made to the plan of the council to establish a corporation to patent discoveries of the council, and to exploit those patents. Every country in the world follows a similar plan in connection with its governmental research activities. It is the practice of all governments to own patents discovered by scientists in its employ, and it is the practice of all governments to make these available to the public either by lease or by outright sale.

In my earlier remarks, I made reference to the corporation that attends to these duties in the United States. To handle duties of that type by means of a corporation is in the public interest, in that its transactions are readily available; the manner in which it handles patents and the proceeds derived from such patents can be ascertained without difficulty. The purpose for which the proceeds are used can also be readily ascertained.

All those associated with the national research council believe that patent work should be handled by a separate corporation under direction of the council; and that is the purpose of the bill.

In the matter of crown companies, I do not know that anything further need be said, except to point out that the national research council can perform no act through the corporation that it cannot perform directly, if it desires to take appropriate action. The national research council cannot create a corporation which will have any power in excess of that held by the council itself. The establishment of a corporation will be simply for the purpose of enabling the council to carry out its duties in a way that is considered more efficient than the method of direct operation. I do not think hon. members need have any concern about the authority being given by this bill to the national research council to establish corporations.

The matter of employment was referred to during the discussion of the bill setting out the duties and privileges of crown corporations. A corporation set up under this bill

would have no right that is not enjoyed by the national research council itself. As I stated before the recess hour, the provisions of this bill are few in number and simple in language. As we pass into committee, I do not think hon. members will have any difficulty in agreeing with the government as to the desirability of the proposals that are now being placed before the house.

Motion agreed to, bill read the second time and the house went into committee thereon, Mr. Golding in the chair.

On section 1—Definitions.

Mr. MacNICOL: I am not going to make any extended remarks on this section or on the bill, but I want to express the fears that I have expressed before as to the gigantic business into which the government is apparently going to enter. I am a private enterprise man and I believe that private enterprise can do a job better and at less cost than the government. After the results of experiments have been arrived at, I submit that private enterprise can carry on better. I am afraid of what this country is going to get into.

The minister was a big business man, and I often think he must laugh to himself when he looks back at the days when he had to figure everything carefully on a business basis and compare that with what is going on to-day, with the possibility of the government setting up a long line of businesses. I am not going to oppose the bill, but I am not in favour of that sort of thing.

There is nothing new about a research council. The Ontario government set up a research council in 1928, and I understand that the dominion act was passed in 1924. It was around 1924 that I went out of business. The Ontario set-up is entirely different from what is now before the committee. I should like to read from the Ontario act which is chapter 57 of the statutes of 1928:

1. This act may be cited as the Research Foundation Act, 1928.

2. There shall be established a corporation to be known as the Ontario Research Foundation, hereinafter called the "foundation," which shall consist of such persons as may from time to time be designated by the lieutenant governor in council to be members of the foundation.

3. The objects of the foundation shall be the carrying on of research work and investigations having for their purposes,—

(a) the improvement and development of manufacturing and other industries by the introduction of advanced methods and processes;

It was felt by manufacturers and others that the government could assist them materially along general lines, and it was for that reason the foundation was set up. They became members of the foundation and subscribed in amounts of $100 or more. The particular section reads:

6. (1) The foundation may enter into an agreement in writing with such persons as may desire to become subscribers to the foundation for receiving from such persons subscriptions of money in sums of $100, or multiples thereof, until the sum of $1,000,000 has been subscribed.

In 1929 there was an amendment to permit of a total of $2,500,000. The basis of the Ontario foundation was to give direct service to the whole manufacturing industry. It was something to which they themselves subscribed. If anything worth while was discovered, the action to be taken was set out in section 10 (a), as amended in 1929, which reads:

The foundation may apply for, or acquire by purchase, assignment or otherwise, rights in any patent of invention for industrial or other processes of any nature or kind whatsoever, and may sell and dispose of the same, or any interest therein, and grant or assign any rights which may be acquired by the foundation thereunder.

I do not take it, either from the act of 1928 or the amendments of 1929, that the foundation was to do any processing of the patents obtained. They were to dispose of them, and in my opinion that is the right thing to do. I have nothing but the highest regard for the minister and I realize the tremendous activities he has carried on. I know he has a great knowledge of affairs in general, and particularly of business affairs. I cannot figure out why he has not followed the programme which was set up by the Ontario government. There will be no limit to the number of plants that may be set up under this bill, and there is no limit to the total cost. The minister is a business man, and he knows just as well as I do that the government cannot begin to do anything of a business nature at anything like the cost that private industry can do it.

The minister has two striking examples of this before him. The first is the Abasand Oil company at Fort McMurray. He says he did not put that through, but I find his name all through the agreements with the old Abasand company and the crown company which took the place of the old Abasand company. Then there is Dominion Magnesium, On May 21, 1943, I asked some questions which were answered by the Minister of Trade and Commerce (Mr. MacKinnon). I do not know why they were answered by that minister. I asked how much capital was at that time invested in Dominion Magnesium and was informed that the capital cost was $3,349,504.03. In reply to further questions I was informed that the working capital was $820,000, or a total capital of $4,169,504.03; that 1,186 tons

had been produced up to April 30, 1943, at an average cost of 39·70 cents per pound; that the capacity was ten tons a day and the actual production 8½ tons a day.

After the country had put up all that money the plant was disposed of to a private corporation, I presume. Just how much did the country get out of that big investment? The figures have been given in the house. We were to get so much out of production, but the actual immediate cash return was small. That is one example of what it has cost this country to put up a pilot plant, like the one at Haley's.

At page 5023 of *Hansard* of July 30, 1942, the Minister of Trade and Commerce said this:

> I would reply to the question asked by the hon. member for Davenport (Mr. MacNicol) this afternoon by saying that the national research council were engaged on certain preliminary investigations in connection with the production of magnesium metal before the Dominion Magnesium company came into the picture. None of the work up to that time resulted in a patent. Subsequently, Dominion Magnesium entered into an agreement with the council—

I presume that means the national research council.

> —to have the work undertaken on its behalf and its cost, plus 50 per cent overhead on the actual cost. Certain patents then developed. If these prove to be as valuable as is expected, a further sum of $30,000 will be paid by the company under their agreement with the council.

If the national research council did develop a patent for magnesium metal the minister knows, and he knows there are several good methods of making magnesium metal. As a matter of fact, the Dow company in the United States, using their own system, have during the war made a large amount of magnesium metal, and it was apparently for that reason the company was set up.

On the next page, 5024, the hon. member for Melfort (Mr. Wright) said:

> I wish to protest against the procedure which has been followed in the development of magnesium metal.

I protested myself, too. He went on:

> Here we had a discovery made in our own research laboratories, and once they knew they had something, the process was turned over to this private company to develop it commercially, instead of the government building a pilot plant and developing it commercially.

The only comment I have on that statement is that it should have been advertised to the world and tenders should have been asked for from all who wished to purchase the patent and come in here and manufacture magnesium metal.

Mr. HOWE: The government did not develop the patent.

Mr. MacNICOL: That is what it says here. I think I can prove it too. If the discovery of the Pidgeon process was made and developed at the national research council in government time and at government expense—

Mr. HOWE: It was never patented by the research council. The council reported that it was no good.

Mr. MacNICOL: That is what I want to find out. I have nothing but the highest regard for Doctor Pidgeon, or whoever did it. They are good men; they have ability; but if the process was developed by him or those associated with him in the research council, working on government time and at government expense, that patent belonged to this country.

Mr. HOWE: They did not develop a patent.

Mr. MacNICOL: That does not exonerate the government.

Mr. HOWE: I have just given my hon. friend a lengthy and detailed explanation. I do not think he listened to me.

Mr. MacNICOL: The men at the national research council did the groundwork there. You can read in different books all about the different processes of producing magnesium metal. The men of the research council got out a new process or a combination of the others. The minister spoke of the electrolytic method. One inventor of that was Ralph Keemle, of Hamilton, Ontario, before Dominion Magnesium came into the picture.

Mr. HOWE: It was developed long before that.

Mr. MacNICOL: I went to see Ralph Keemle's pilot plant in Hamilton. It was in a big plant past the Westinghouse plant and on north from Westinghouse. Perhaps the hon. member for Hamilton West knows the name of the plant.

Mr. MITCHELL: Otis-Fensom.

Mr. MacNICOL: You go past the gun plant and turn to your right at the corner. You have to go a quarter of a mile and then you find this big plant on the lefthand side of the street. I am sure that the Minister of National Defence for Air will know it.

Mr. GIBSON (Hamilton West): Otis-Fensom.

Mr. MacNICOL: I asked Mr. Keemle, "Why don't you get in touch with your member so that your process may be used

by Canada?" I have forgotten his reply. But he did have a small pilot plant in that big plant I am speaking of, to develop magnesium metal by electricity out of the Dolemite limestone which abounds in that great range running north of Hamilton to Guelph and on to lake Huron. Mr. Keemle said to me, "We could make magnesium metal for a million years for the whole world out of that vast source of supply that we have from Hamilton north to lake Huron."

The hon. member for Melfort said something else:

The minister stated that the company which developed the Pidgeon process had paid for the development of that process itself. I have here the minutes of the privy council, and I find:

"That the company will build the plant at cost and without profit but will be paid the sum of $41,500 to cover its costs heretofore incurred in the development of the Pidgeon process."

If the Pidgeon process was developed in government time, with government materials, and at the government expense, I do not see why they should be paid anything for it. The report, quoting the minutes, continues:

"Included in the cost (but not in the $41,500 above-mentioned) will be certain commitments and sums already incurred or paid by the company for the purposes of construction of a magnesium plant, not exceeding however the sum of $12,000; the benefits of such commitments and expenditures shall be used for the construction of the initial plant."

It appears from this that the company are to be reimbursed for their expenditures in connection with the development of the process.

Then the Minister of Munitions and Supply replied:

I have forgotten the details, but I think that applies to a certain pilot plant which was built to develop the process actually being used in our plant.

That is, in the government plans.

I think we paid for building a full-scale unit,—

That is, the government paid for it.

—using tubes and furnaces of the size we intended to instal in the new plant. The $41,000 certainly does not cover all costs incurred by the company in developing the process.

I do not want to prolong my remarks. The point I am making is that if that magnesium process, the so-called Pidgeon process, were, developed in our own laboratories on government time and the salaries of the men engaged there were paid by the government, that process, to my way of thinking, belonged to this country. The whole thing has now been disposed of. What did the country get out of it? Little but loss.

Mr. HOWE: It got a lot of magnesium out of it.

[Mr. MacNicol.]

Mr. MacNICOL: I beg the minister's pardon?

Mr. HOWE: It got many, many thousand tons of magnesium out of it.

Mr. MacNICOL: I agree, and I am not wholly opposed to what was finally done with the plant, because I do not believe in the government being in business. If the agreement they made with the people now operating the plant is a provident one, and if the present operators keep it going and give men employment—that is what I am interested in, giving employment to men—we shall have that much out of it, and in time the country will derive some return in taxation, income tax and so forth. At any rate I hope so.

So I come back to where I started. Frankly, I am alarmed at the government going into business on such a wide scale. There seems to be no end to it, from what one sees in this bill and in the other bill which either has been before us or is coming up. As a business man I cannot understand how the minister has allowed himself to be led into this course of action. If this research council, which I am in favour of and whose development I would support as a service to the country and to manufacturing, just as the Ontario research council is doing, can produce something worth while, put it on the market and sell it, someone can be producing for the public welfare through its activities and the country will reap returns much as it does from business in general. While I am not going to oppose the contribution, my position is that which I have taken right along. I believe that private enterprise will do these things far better than a government can do them.

I remember what the minister said before the house rose, and I thank him for saying it. He had been speaking of scientific and other developments by private citizens in Europe who had the time and means to devote to the work, and I asked whether they were on government pay. The minister kindly answered, no. Well, I know that type of man. I think I am one of that type. I have worked many a night, week in and week out, month out and month in, trying to develop processes in the business in which I was engaged. A twenty-four day did not mean anything; I was pursuing something and I wanted to get to the end of it. I am sure the minister has had the same experience. I am certain that during his business life he has often worked all night planning the construction of elevators, in which business he

was such an expert. He could not take a chance where experiments were involved; he had to see to the thing himself. I am sure I am right in this supposition. I know you cannot expect that kind of thing in the government service. This country has as good a civil service as any in the world. It is staffed with men and women of high character and excellent capacities, but they are not asked to work all night long, as the minister and myself and many another pioneer have done in business and professional life. Government men are not expected to do that. We do not pay them to do it. But those engaged in private industry are bent on reaching a particular goal, we aspire to reach the top in a big company; we reap our return in that way. But government employees are only paid salaries and they are not expected to work like that. This is one reason why I favour the government, if it gets out patents, putting them up for sale and disposing of them to the highest bidder who can pay for them, on condition they put the production of it on the market. Only in that way can we provide employment; the result of research must be placed on the market. In my judgment, the research council will be doing good and worth-while work if they confine themselves to that procedure. But to manufacture stuff themselves—well, they cannot do so profitably. They can, of course, do it on government money, in the way magnesium was developed at Haley's and as might have been done from the $2 million expenditure at Abasand, where we did not secure a process for extracting oil from the sands, or at least, if we did, the plant burned down before it was in operation, so that whether or not it would have been successful we do not know.

I am not in favour of the government carrying on business on so wide a scale. If what the minister said this evening about employment is correct, there would be a good deal of temporary employment in the various pilot plants. As the minister said, the employees will be entitled to benefits of superannuation. I am in favour of superanuation, and I would favour private companies doing much more in that direction than some of them are doing to-day. Before I left home last night a man came to see me who, after being with a company for twenty years, had just been let out without a pension. I think that is an outrage. During his period of service his salary was at no time sufficient for him to accumulate a competence. He was not an officer of the company, he was working in the plant, and I may say that he was just about heart-broken. So with that part of the government's proposal I agree, that whoever is engaged in the government's plants should be under civil service conditions as to pensions and the like if he is retired from government service. Anyone who has worked in the public service for twenty years should, on retirement, be entitled to a substantial pension, because the government, having the country's money to operate with, can afford to do that and can thereby show an example. As the minister knows, private industry cannot always do that. No doubt, many times, when tendering for a big elevator contract which he had to get by competition, he had to sharpen his pencil and found it "pretty close skating" to get out even and without losing his coat. But the government is not subject to such conditions.

That expresses my opinion with regard to this bill.

Mr. HOWE: I just wish to put my hon. friend straight on the position with regard to magnesium. To review what I said earlier, in 1937 the national research council undertook to develop a new process for the manufacture of magnesium metal. It was carried out under a strong committee representing not only the research council but also Mines and Resources and National Defence. In 1940 the work was reviewed by the committee, and it was found that they could make magnesium metal in a testtube by the process which later became known as the Pidgeon process. But it was represented that there was nothing patentable in the matter and that if the government needed magnesium metal in the war they had better try a proven process. That was the official report to myself as Minister of Munitions and Supply. However, Doctor Pidgeon, who had been working on the process and had done development work, did not agree with the committee. He said, "All right. I am cut off from the funds of the research council by the decision, but I still believe in the process," and he interested private investors in carrying on the process. Messrs. Segsworth and Jowsey went to the national research council and said, "We will pay all costs up to date, but we want to own the thing from now on". They made arrangements to finance from that point on, and as a result of work in the pilot plant certain processes were patented, not on the time of the national research council but on time paid for by this private syndicate. The government overlooked no opportunity to patent the process. They never had the opportunity. If they had carried on the work farther, if they had followed Doctor Pidgeon in the matter, they might have had a patentable process. The syndicate, having been satisfied with their

process, undertook to build a plant at their own private expense—it was only a very small plant—for the production of magnesium on a commercial scale.

At that time it became evident to the Department of Munitions and Supply that Canada must have a source of magnesium of its own if it were to continue to build aeroplanes on a large scale. A good deal of time was taken in investigating other processes, and it was finally decided that the firm best able to build was Consolidated Mining and Smelting which had an electrolytic process which seemed to be very modern. It was found, however, that the estimate of that company for building a plant of the size required was $9,500,000. It was also found that by spending a little over $3,000,000 on the Pidgeon process the same production could be obtained, though there was no guarantee as to what the cost would be. I decided that it was a better gamble for Canada financially to take the Pidgeon process than to spend nine and a half millions on the electrolytic process, and the gamble was justified for the reason that magnesium was produced in the required quantity. It was sold at the then world price and it showed a very small loss. Nevertheless, when the war ended, instead of having nine millions of capital tied up in the plant we had three millions in it. We were able to dispose of the plant in a manner that should net the government $1,400,000, so that we got magnesium when it was required for a very reasonable sum. We now have in Canada an industry that has a fair chance of success. I do not think, therefore, that the government has anything to apologize for in the manner in which it handled its production of magnesium in the war years.

My hon. friend has referred to Abasand as a losing venture on the part of the government. Let me assure him that the government never went into that undertaking to make money. It did so for the purpose of testing a process. It was a pilot plant. The government obtained 95 per cent of the information required, and the information was of such a character that it was not believed necessary to rebuild the plant in order to get the other five per cent. It was pretty well proven that the plant could not produce at present costs for petroleum products. It paid for the information. The information was obtained and the books are closed so far as I am concerned.

Mr. JACKMAN: There is one point in particular that I should like to bring to the attention of the committee and it has to do with the accountability of the national research council. As I see the bill, it seeks to enlarge and streamline the activities of the research council, but no attempt is made in it to make the council more accountable or responsible to parliament. May I give to the committee the provisions which appear in the Research Council Act in regard to reporting to parliament. It might have been all right when the council was a small affair with a small annual appropriation, but now that it is going to take on not only a new lease of life but a greatly enlarged life I believe—and I hope the minister as well as his own party and the C.C.F. and Social Credit and other members of the house will agree with me—that something should be done to make the national research council more responsible to members of parliament.

As the situation now stands, the president of the council reports annually to the council itself. Report is then made to the committee and, after fifteen days, the report is tabled in parliament or, if parliament is not sitting, the report need not be tabled until fifteen days after the opening of the next session. I presume the report will be supplemented by the auditor general's report on the accounts, as well as the president's report on the work of the council itself. The auditor general's report, however, is usually fifteen months after the close of the fiscal year. That is to say, some of the operations of the council which take place now will not be accounted for twelve months plus fifteen months, or twenty-seven months after the actual work has been done.

That, I submit, is too slow if we are to have any check on these matters, and I believe most members of the house will agree with me in that regard. The minister has said in connection with all these government controlled companies that they are accountable to parliament and that parliament is to have supervision over them. But I ask the members of this committee, what possible useful control we can exercise if the report on the activities of the council in its enlarged state is to be so long delayed and we are not to know what they have done for at least twelve months or two years afterwards? When I first raised this point the other day the minister said that the members of the house would probably take affront at the council reporting to the press, or to the public generally if you like, rather than to the house itself. I suggest, however, that it must be the opinion of most thinking members who have the interest of the council at heart that it is not material whether the report goes first to the members when the house is sitting so long as they have the information before them upon which they may act and form their own judgment, and

perhaps bring the necessary pressure to bear, or pass on suggestions of a constructive nature to the minister himself, so that he in turn may pass them on to the council, and in that way have a closer control over the operations, and certainly a closer reporting of what is being done by the national research council than we have at the present time.

I would, therefore, suggest to the minister that he bring in an amendment whereby the report of the president will be made not later than three months after the close of the fiscal year. That would seem to be a reasonable period, and one which would not press upon the work of the president or of the council. It would give the members of the house a reasonable period within which to act and a period before the facts, upon which they sought to act, had become too stale. Therefore I would ask the minister to thaw out a bit so that those in the opposition and hon. members generally may have at least a snowball's chance to keep up with the activities of the national research council and to report any recommendations which they may have.

Mr. HOWE: My hon. friend seems to suggest that parliament would not have the same control over the expenditures of the national research council that it would have over the expenditures of the Department of Public Works or any other department of the government. I point out that when the estimates of the national research council are before parliament hon. members have the same opportunity to examine the operations of the national research council that they have to examine the operations of the Department of Public Works. It seems to me that the objection just raised is wholly fallacious.

I take it that the presentation of estimates to the house is made largely to enable hon. members to find out the details of any expenditures of public funds contained therein. That privilege would certainly apply to the appropriation of the national research council.

Mr. JACKMAN: May I just say to the minister that it is one thing to appropriate certain moneys to carry on the work of the national research council and another thing to have a report on how these moneys were spent and the general stewardship of the council itself. The two are entirely different and I believe that the point is well made. We should have a report of the council within a reasonably short time. May we just ask ourselves, why is the minister unwilling that the national research council should make its report within three months? From his point of view I can see no objection to the council making a report within that time, and I do not understand why he should not be amenable to the suggestion I made. My second point is that he said this afternoon the national research council does not live entirely from funds which we in parliament may vote. I am not sufficiently familiar with the technique of the matter upon which we voted the other day which showed that there are certain sums which the minister may draw upon which are, I believe, passed en bloc, to discuss it. Perhaps someone else will take up that point later.

The point I wish to make just now is that this afternoon the minister said the national research council during the war years had received $4,360,900 from the funds within its own confines, if you like, revenue which it had received for work done, to say nothing of $6 million which it had received from other departments of government. I presume that $6 million was voted upon in this house and carefully gone over during the consideration of the estimates; but as to the $4,360,900, the national research council received this money, and it was not responsible to parliament as to the spending of it. While that sum may not be so large when it is spread over the whole period of the war years, we now find that the national research council is to be greatly expanded and may develop new processes and patents from which it will receive revenue. That revenue is not to be returned to the consolidated revenue fund from year to year, but it is to revolve within the accounts of the national research council alone. The reason this is important is that while it may start off in a small way with a few companies under the aegis of the national research council, the history of this country has shown us that the average small town in Ontario or in the whole dominion has started out in this way. Within that small town one chief industry was started by a man with $25,000 or less; and over a period of ten or twenty years or longer by ploughing back the earnings, not taking them out, those little companies have grown to a substantial size and in many cases now employ three or four hundred men. That is the history of enterprise on this continent and also in the old country. These things start in a little way, but if they are successful and are allowed to retain their money, they expand. In the case of the national research council there is no share of the tax burden being borne by them; and it would be only a short time, with the compounding of these earnings that they might make, before they might earn substantial sums. For that reason parliament

itself has no direct control over the total sums which the national research council has at its command.

I believe the council should report—and the minister has advanced no reason why it should not—within a reasonable time after its fiscal year ends, which time I suggest might be about three months.

Mr. HOWE: I must say it is extraordinary to hear of my hon. friend worrying because the earnings of the national research council are not subject to taxation. It is a strange situation. I should be very happy if the national research council could earn enough to carry on its activities; and I would not be particularly worried about the size of the activities. Recently I read an article about the United States research, and I found that the government of the United States spent in the four years they were at war over $10 billion on research. That is more than half the total cost of the war to Canada. They believed that that money spent on research during the war was perhaps the most effective of any of the war expenditures. I certainly hope that Canada will spend very much larger sums on research in future than have been spent in the past. Therefore I am not worried that the national research council will earn enough money to be subject to tax or earn enough money to be free of appropriations by parliament. Unless that happens my hon. friend need not worry about the ability of parliament to extract all the information that it cares to ask for about the operation.

So far as the annual report of the council is concerned I am sure that the council make their annual report as rapidly as they can. The research council as a whole meets only four times a year. Whether the report can be compiled and approved by the council within three months after the end of the fiscal year I am not sure, but I have had no complaint to date that the report of the national research council is not filed as promptly as the report of any other branch of government which makes a report to parliament.

Mr. GREEN: Is the report for 1945-46 out yet?

Mr. HOWE: I could not say. The fiscal year closed just two months ago.

Mr. NICHOLSON: This afternoon I expressed concern about the salaries being paid to the scientific workers in the national research council, particularly those who have been there for a great many years. Has the minister available the salaries paid? I mentioned that in the Beatty report of 1930, sixteen years ago, it was suggested that scientific workers should start in at $2,100. I understand that some start in at a salary a great deal less than that. I understand that $1,680 is the salary being paid some workers with a Ph.D. degree. Has the minister available, or can he obtain the information while we are in the committee stage, the number of Ph.D.'s receiving less than $2,000, and also could he give us the average salary that is being paid to scientific workers in the different groups? The Beatty report broke them down into different classifications. Could the minister give us some indication as to whether the recommendations of the Beatty report have been implemented, or how many are receiving less than these suggested classifications?

Mr. HOWE: I have no information. I suggest that there is nothing in the bill before the committee referring to the salaries of scientific workers. My hon. friend is easily shocked. I can remember distinctly the first work I had after graduating from college, with what I considered a superior degree. I remember receiving $40 a month, and worked for that for some months. It does not shock me that these young men out of university, even with a Ph.D., are working for $1,800 a year.

Mr. FLEMING: I wish to say a word respecting the point raised by the hon. member for Rosedale, and it relates to the principle involved. That principle, so far as we Progressive Conservatives are concerned, is one of parliamentary control. We have expressed the view that all these enterprises which the government believes ought to be carried on under crown company control should first be submitted to parliament.

But then as an alternative the minister says, "Give us certain blanket powers, and parliament will have an opportunity to review reports at the conclusion of the year." The discussion we have had to-night bears directly upon the minister's contention that parliament has full opportunity of reviewing the administration of those crown companies. The point made by the hon. member for Rosedale is a substantial one, because the provision in the Research Council Act which refers to reports to parliament is, if I may say so, loose and inadequate. It does not contain a time limit.

In the short space of time I have been in parliament, I believe in every case where any body has been given power a stipulation has been included in the statute that a report must be submitted to parliament within a fixed period. If hon. members will refer to section 13 of the Research Council Act they will see that, first of all, there is a provision that the president shall report annually to the

governor in council, and make certain recommendations. Then, what about the council's report? Subsection 2 states:

The council shall, after the conclusion of the fiscal year, make a report to the committee—

That is the committee of the privy council. That is the privy council committee on scientific and industrial research. Then the section continues:

—containing the report of the president to the council and also containing a statement of the receipts and expenditures of the council during the preceding fiscal year.

I draw attention to the fact that there is no time limit on the report to be made to the privy council committee from the research council. Then, subsection 3 makes this provision:

3. Such reports shall be printed and laid before parliament within 15 days of the making thereof or, if parliament is not then in session, within 15 days after the commencement of the next session of parliament.

If one reads subsection 3 with subsection 2 he sees that there is no time limit within which these reports are to be completed and laid before parliament. The fifteen-day period is related to an event to which there is applied no time limit at all.

What is the situation with regard to reports of the national research council? I understand that the fiscal year in question—and I am speaking subject to correction—is the government fiscal year ended March 31, 1945. But if one goes to the distribution office to-day he will not find a report of the national research council. I have been trying to get one, and I know there is no report of the research council available. I take it that the last report would be for the fiscal year ended March 31, 1945. If it has been tabled—and again I speak subject to correction—it was not tabled either at the fall session or at this session of parliament. That illustrates, I suggest, the inadequacy of the present provision in the act with regard to reporting to parliament.

Mr. HOWE: It would not be distributed, under the three months' rule. It is only two and a half months since the end of the fiscal year.

Mr. FLEMING: But we are speaking of the report for the fiscal year ended March 31, 1945.

Mr. HOWE: It was distributed to the members. Whether it was tabled or not, I cannot say; but if it was not, it was an oversight on my part. It has certainly been distributed to the members.

Mr. FLEMING: It has not been made available to me, because I have been trying to get a copy of it.

With regard to the provisions now before us, I urge that if the minister is determined to embark upon a policy of setting up a number of crown companies, two things will have to be done if parliament is to exercise any effective power of review at the end of any year's operations. In the first place, there will have to be some method of getting these reports before parliament at an earlier date, so that parliament may have before it the report for the fiscal year immediately concluded, when it is reviewing the estimates of expenditures for the ensuing year.

In the second place, there will have to be evolved within parliament itself some better method both of reviewing those reports and of conducting a detailed examination of such officials as may be in a position to give parliament information.

If the minister is urging on parliament, as he has been during the debate on these related measures, that parliament has had a good opportunity to review, then I say that before that argument can have any validity there will have to be evolved a better method than now exists both for getting reports before parliament more quickly and for reviewing such reports.

Mr. COLDWELL: I agree with the hon. member who has just spoken that a method has to be devised of reviewing the work of these crown companies and related organizations. But I submit it is impossible to control such organizations from a legislative chamber, such as a parliament. With the multiplicity of our economic enterprises to-day we have to find ways and means of dealing with reports which are substantially different from the manner in which these bills have been considered in the house. We have had interminable debate, and have listened to the same arguments hour after hour, until one has become thoroughly tired of listening to the reiteration of those arguments.

I can understand there are some who are opposed to public enterprise of this description. I do not think this type of enterprise is going very far. Indeed, I think it is most modest, and is only an attempt to do for ourselves what every other country is doing for itself. The manner in which crown companies are being set up and functioning is, it seems to me, in line with the trend everywhere in the world.

I rose to say that I agree with the minister that when some of us who are reaching middle

age began our activities, we did not earn very much; but neither did we pay out much for our board.

Mr. HOWE: We could not.

Mr. COLDWELL: No, we could not; but we did not, and we managed to get along with very little.

But times have changed, and it seems to me that if Canada is to retain her young scientists —and certainly in this age we need to retain them—we have to do something better than we have been doing, through the research council and other organizations of that description. We are losing too many of our bright young men and women to our great neighbour to the south. Some, as I said the other day, are even going to Great Britain to engage in scientific and other activities. We must see that our scientific organization is properly financed.

We have heard a good deal about substantial sums at the disposal of the national research council. What do they amount to? I have not the exact figures, but I think they total around $14 million or $15 million. That is the amount at the disposal of the national research council in a country with such great undeveloped resources, resources to which science must be applied if we are to reap the benefits from them. When one compares that amount with the amounts being spent by other countries for scientific research, we find that in this country the percentage of national income being spent in that field is small in comparison. It seems to me that instead of criticizing the setting up of this organization, as has been done, we should say that we are glad to see something of this sort being done in a comprehensive way and that we are going to support the measure. I know my Progressive Conservative friends dislike the idea of many other things that are being done for the benefit of the ordinary man and woman in Canada.

Mr. JACKMAN: Not so; never.

Mr. COLDWELL: It certainly is so.

Mr. STIRLING: Not at all.

Mr. COLDWELL: I am trying to think in terms of 1936, not in terms of 1846 or thereabouts. It seems to me that this is a bill which should command the support of the house.

Mr. GREEN: It got the support of the house to-day.

Mr. COLDWELL: It got the support of the house, but it was grudging support according to the discussion that has gone on. As far as controls are concerned, it seems to me that the proper way in which to handle this is the way in which we now handle crown companies already in existence, such as the Canadian National Railways, Trans-Canada Air Lines and Canadian Broadcasting Corporation. The matter could be handled through committees. I do not say that the organizations to which I have referred are perfect, but—

An hon. MEMBER: Far from it.

Mr. COLDWELL: Far from it, if you believe that.

An hon. MEMBER: I do believe it.

Mr. COLDWELL: If you do believe it, all right but let us improve them. What I am saying is that this parliament has an opportunity, through appropriate committees, if it desires to use it, of going into every detail of the activities of any one of the organizations that we have already established. It seems to me that that is the way we should handle crown companies. I know these are on a different footing; but when the minister is before us with his estimates in connection with the national research council we shall have an opportunity of inquiring, not only into the actual expenditures that have been made in the past year but into the expenditures that are being contemplated and into the policy that is to be followed by means of those expenditures.

I do not think we are paying enough attention to scientific research. I do not think we are spending enough of our national income on scientific research. I submit that if we spend public money on research, the benefits that accrue from that research should come back to the people of Canada. One proposal in this bill that I do object to is that the right is given to sell patents on things that have been developed by the publicly owned national research council. I think that is all wrong.

Mr. FLEMING: Is my hon. friend talking against the bill?

Mr. COLDWELL: I am talking for the bill, but I am pointing out one defect in it.

Mr. JACKMAN: The same as we are doing.

Mr. COLDWELL: You kept up a constant barrage for days on the other bill, for weeks even.

Mr. GREEN: You did not hear what we said this afternoon on the bill.

Mr. COLDWELL: I read and listened to the discussion which my hon. friends engaged in for hours and hours on the crown companies bill.

Mr. BROOKS: It is wrong when we say it, but it is right when you say it.

Mr. STIRLING: That is just it.

The ACTING CHAIRMAN (Mr. Golding): I must ask hon. members to keep order. It is not according to the rules to interrupt a speaker.

Mr. COLDWELL: Thank you. However, I do not mind if guilty consciences sometimes express themselves. I think anything done by one of our publicly owned institutions for the benefit of Canada should be used for the benefit of Canada. One of the matters that will come before this house in connection with the combines legislation is the question of patents. One of the evils that we have to fight in this country is the patent evil. I would hope that before we reach the particular section in this bill which deals with the matter the minister will agree to remove from it what I regard as an objectionable feature. In the main this bill is a step in the right direction. All I can say about the national research council at the present time is that we have not provided the wherewithal for it to carry on the functions that are contemplated in this bill.

Mr. BOUCHER: The hon. member for Rosetown-Biggar, the leader of the C.C.F. party, has undertaken to censure the members of the Progressive Conservative party for reiteration. I should like to refer to some of the matters he has reiterated. I do not think I need recall to members of the committee the fact that almost every C.C.F. member who spoke on this bill, or on the preceding crown companies bill, deplored the fact that scientists were going south, that there was a great need for further research, that more money should be spent on research and that the terrible combines and cartels were crucifying the people of Canada. The leader of the C.C.F. who has just sat down reiterated everyone of those points *ad nauseam*. I would have hoped that he would not attempt to censure others for his own sins and then go on to give an example of his adherence to those sins.

He turned around and talked about money for the national research council being brought before parliament in the form of estimates, and he said that we of the Progressive Conservative party did not appreciate the policy that was being placed before the committee. If he had understood what the Minister of Reconstruction and Supply said on the Government Companies Operation Act he would know that grants to crown companies, whether set up under the national research council or otherwise, are made in the form of allocations before estimates are drawn up or before there is any survey of contemplated expenditures made. Apparently he did not get that point.

Mr. COLDWELL: I got it all right.

Mr. BOUCHER: You did not indicate that you had got it. You spoke one way and thought another.

Mr. COLDWELL: I showed you how to get around it.

Mr. BOUCHER: The hon. member says he showed it; he says that he understood it, but we shall see how much he really does understand it. He stated that the national research council had only something like $14,000,000 a year to spend on research. We are now dealing with a bill that gives the national research council the power to set up crown companies. Under the provisions of section 9 of the bill these companies are made applicable to the Government Companies Operation Act, which we passed the other night. The governor in council has power to allocate to each crown company, including crown companies set up under the national research council, one-half million dollars for operations and another half million dollars a year for extensions.

Mr. HOWE: There is a little reiteration there.

Mr. BOUCHER: I have to reiterate in order to get the members of the C.C.F., particularly the leader thereof, to say what they think.

Mr. HOWE: This is the twentieth time.

Mr. BOUCHER: And to get the minister's attention. How can an hon. member get up in this committee and say that the national research council has only $14,000,000 to expend when it has the power to incorporate crown companies and when those crown companies can get money out of the people's treasury without its being appropriated? The minister stated definitely that it was to be out of unappropriated money and our C.C.F. friends fought against changing that word to "appropriated." How can they now say that estimates will be set before parliament which will give hon. members plenty of time to scrutinize proposed expenditures when the fact is that the expenditures will all have been made by the crown company before they will ever come to parliament?

I should like to ask the minister who is piloting this bill another question. I know there are crown companies to which money has been allocated out of unappropriated

moneys in the consolidated revenue fund. They are tabled in the reports, having already been allocated by the Government Companies Operation Act. Expenditure can come before parliament for scrutiny and discussion in only one of two ways: an estimate, which is a proposed expenditure, or a statutory appropriation under a statutory appropriation act, as I think the Government Companies Operation Act is. What opportunity will parliament have to discuss expenditures, increased earnings from the operation of these crown companies, together with grants for operations, extensions, maintenance or improvements? If the minister would enlighten us on that point it might allay our fears.

Mr. HOWE: My hon. friend has asked that question five or six times, and I have tried to explain the situation in the simplest language I could use, but I have been totally unable to make him understand. I am not going to start all over again. Reiteration can be carried too far, and I am not going to reiterate again.

Section agreed to.

On section 2—Committee of the P.C. on scientific and industrial research.

Mr. GREEN: This section deals with the committee of the privy council on scientific and industrial research. Apparently in past years that committee has not functioned to any great extent. I think that is a tragedy. There is some scope for such a committee if it is possible to get busy cabinet ministers to devote enough time to meetings of the committee. Is there to be any change in the situation in the future? Is it now intended that there shall be an active and aggressive committee of the cabinet dealing with matters of research, or is this committee of the cabinet to continue to be largely a matter of form?

Mr. HOWE: There is and always has been an active committee. It meets to decide any question of policy referred to it. It is composed of the Minister of Reconstruction and Supply, the Minister of Trade and Commerce, the Minister of Mines and Resources, the Minister of National Defence, the Minister of National Health and Welfare, the Minister of Finance, the Minister of Agriculture and the Minister of Labour.

Mr. NICHOLSON: How often did the committee meet last year?

Mr. HOWE: I have attended five or six meetings, and I did not always go until I became chairman. I spent at least an hour a day on affairs of the national research council acting in my capacity as chairman of that committee. The committee met three or four times in the last year, not on routine matters, but to decide matters of policy, to discuss the size of the appropriation and the nature of the projects that should be undertaken.

Mr. GREEN: Does it deal with any business other than the conduct of the research council?

Mr. HOWE: That is all.

Section agreed to.

On section 3—Appointment of council.

Mr. JACKMAN: Subsection 4 provides:

> There shall be an executive committee of the council consisting of the president, vice-president (administration), vice-president (scientific) and at least three other members selected by the council.

I suggest to the minister—and I do not see why he would not accept it if he has the best interest of the committee at heart—that the last line but one of that subsection be amended to read: "and at least four other members selected by the council." The reason I suggest that is that only the executive members are in receipt of remuneration; the others serve voluntarily. It is not easy to get men to attend. If only three other members are appointed it would mean that the executive officers would be in the majority at all times. If at least four outside members were appointed to this executive committee, or even five or six, there would be a better chance of the committee not being dominated by or of even having a majority of executive officers at all times. I think that is a reasonable suggestion which I hope the minister will accept.

Mr. HOWE: I would not argue at length whether the executive committee should be six or seven. The council itself in the past has consisted of fifteen, distributed geographically from coast to coast. It is now proposed to make the council twenty. Because of geographic and travel difficulties, it meets four times a year. Between meetings of the council the responsibility for decision has been carried in the past by the president of the council. The creation of an executive committee which can meet frequently will relieve the president and paid officers of some responsibility for decisions between meetings of the full council. I question whether an executive committee of seven would be better than one of six members. I think usually an executive committee consists of five. The smaller it is, the better the responsibility is carried.

Mr. JACKMAN: But this executive committee, as I understand it, has powers which did not exist before. The executive committee itself did not exist before, only the council. Now we have an executive committee which has all the powers in law, as well as in fact, of the council. I believe that it would be better for the carrying on of the work if this executive committee, which legally has all the power, were not composed of at least fifty per cent of executives in receipt of a salary. The general council, now fifteen in number, can be overlooked between meetings because of the power that will reside in the executive committee itself. May I ask the minister, when he replies, to say whether a quorum has been fixed for the executive committee, and is there a quorum for the council itself?

Mr. HOWE: The amendment provides that there shall be a minimum of three, but there would be nothing to prevent council from appointing four members to the executive committee.

Mr. JACKMAN: I pointed that out.

Mr. HOWE: The executive committee has power only between meetings of the full council. It can exercise power for three months, but its actions can be overruled by the full council whenever it meets. The authority of the executive committee can be limited by the full council if the full council loses confidence in the executive committee. There is nothing in the measure to prevent the appointment of four members from the council at large if council decides that is desirable.

Mr. GREEN: Why not make it four, then? Pretty wide power is given to the executive committee under section 5 of this bill, which provides:

> The executive committee of the council may exercise the powers of the council and shall submit at each meeting of the council minutes of its proceedings since the last preceding meeting of the council.

There is no provision for a review by the full council. I suggest that there is some merit in the point raised by the hon. member for Rosedale, and I would suggest that the word "three" be changed to "four" in section 3 of the bill.

Mr. HOWE: The council itself recommended that there be a minimum of three. I would dislike to overrule the council without consultation. This bill was not invented in the office of the Minister of Reconstruction and Supply; it was invented in the research council, and was sent to myself as chairman of the cabinet committee with the recommendation of the full council. On a matter which is wholly for the council I would dislike to overrule the opinion of the council. I might say, however, that the executive committee is appointed by the council and it exercises its brief authority only between meetings of the council. It can be dismissed and reappointed by the full council at will. So that I think there is no great authority carried there.

Section agreed to.

On section 4—President of the council.

Mr. JACKMAN: I asked the minister with regard to a quorum, and he pointed out, what I pointed out myself, that there must be at least three other members selected by the council, but that is merely the nominal role of the executive committee. What I am asking him is, is there a provision as to the quorum of the executive committee, and also a provision as to the quorum of the council itself?

Mr. HOWE: The original Research Council Act provides in article 10 thereof that the council may exercise the following powers, namely, (a) to make by-laws for the conduct of its business. The matter of a quorum is a matter for the by-laws of the council, and the council has the authority to make its own by-laws.

Mr. JACKMAN: It certainly seems strange that the minister should come to parliament asking for legislation setting up a certain organization, and saying that this organization has the right to make its own by-laws and determine exactly how it should be run, as if parliament did not have something to say as to how these institutions and committees should be run. I think what is suggested is preposterous, and I suggest that we as a committee should determine how we want this council run, within the field of our own discretion and with what background we have of experience in committees, et cetera. If we feel that a certain procedure should be followed it is up to us to incorporate that in the bill, and not say to a committee, "Here is carte blanche; make your own rules; come when you like; delegate powers to a few paid executives, and carry on; after a while report to us; then after fifteen months or two years report to parliament, and by that time it will all be forgotten about." Might I emphasize, while I am on that point, the need for this council to report to parliament in a much shorter time than is allowed under the provisions of the bill as it now stands. The minister has said how the national research council erred in declaring that the Pidgeon

process for making magnesium was not a good process. What happened? Private enterprise went in; one of my constituents—now dead—Mr. Segsworth, took up the process and developed it and made a great contribution to the war effort on that account. Then the minister mentioned another matter in which the national research council or his own department erred, namely the expenditure on the Abasand development. I remember talking with an official of an oil company some years ago when this matter of Abasand was brought up in this house, to a large extent by one of my own colleagues, and I was told then virtually that the process was not feasible, although there was no doubt that oil was contained in the various sands.

So, in view of the fact that everyone is apt to make errors from time to time, I believe, on the record as displayed by the minister himself, that the national research council should make its report to parliament or, if parliament is not sitting, to the public, so that we and our constituents may know of it. As I pointed out, one of my constituents took up the magnesium process where the national research council left off, and did a real job. So I believe that the council should make its report available to the public in short order, not in a period of fifteen months or two years.

Mr. HOWE: I have in my hand the report of the National Research Council of Canada, 1944-45. It was tabled at the session of parliament preceding this. I cannot give my hon. friend the exact date; I shall have to look it up. I am sure, at least I am reasonably certain, that this parliament will not adjourn before the report of the national research council for 1945-46 is laid on the table. It is published as quickly as it can be published after the close of the fiscal year, just as the reports of other departments of government are published. It so happens that the Canadian National Railways closes its year with the calendar year instead of the government's fiscal year.

Mr. JACKMAN: But it reports monthly.

Mr. HOWE: No, it does not report monthly.

Mr. JACKMAN: Well, it reports its earnings monthly, which is what we are interested in.

Mr. HOWE: I am sure my hon. friend cannot find monthly earning reports of the Canadian National Railways for the last twelve months. It just does not make them any more. He is thinking of the Canadian Pacific Railway company.

[Mr. Jackman.]

Mr. JACKMAN: No, I am thinking of the C.N.R.; and if the minister will read the evidence in the committee he will see where I made the statement.

Mr. HOWE: In any event, I think the matter of the report is somewhat exaggerated. No government department is required to report to parliament within a certain time limit, but as soon as it can prepare its report and have it printed.

Mr. JACKMAN: Now the minister is branching into new fields and streamlining the national research council.

Mr. HOWE: Let us take the nonsense out of this talk of streamlining. What new field am I branching into? I am setting up a corporation to patent discoveries of the national research council and market the patent.

Mr. JACKMAN: Is it new or old?

Mr. HOWE: It is new.

Mr. JACKMAN: That is what I said.

Mr. HOWE: That is all I am doing. We are told that a vast enterprise is started. But this is all that is being discussed under this bill. Another possibility I have mentioned is that a corporation which the government owns and bought as a corporation, not a government corporation, may have a home found for it under national research, and it may not.

Mr. GREEN: Which one is that?

Mr. HOWE: Eldorado Mining and Refining Limited, which has been a corporation for many years. It is wholly owned by the government, and there will be no change, whether it is placed under the research council, or the atomic energy commission, or under a department of government. It is there today. Then I mentioned that the atomic energy plant at Chalk River may very well be operated as a corporation. That is three, and that is all there is any intention of handling at the moment. One would think we were running the whole country by government corporations. It is perfect nonsense. I never heard a debate conducted in just this style in discussing serious matters, because the national research council is a serious enterprise, and all that we are doing here is to stream-line the work of the corporation at the request of the council which is responsible for these matters. Let us see whether we can use a little less extravagant language.

Section agreed to.

Sections 5 and 6 agreed to.

On section 7—Additional powers of council.

Mr. FLEMING: Section 7 proposes to add two powers to those now enjoyed by the council under section 10 of the act. There are quite extensive powers in section 10, to which this proposes to add two, and I am concerned with the first one, under paragraph (h). It is in these words:

To carry on experimental and development work and manufacturing with respect to the matters referred to in paragraphs (c) and (d) of this section—

I do not want to take time to read these two paragraphs. They are quite lengthy, and include within their broad scope much that is involved in research work. Then the new paragraph proceeds:

—so as to render the processes, methods or products to which the said matters relate more available and effective in useful arts and manufacturing and for scientific purposes and otherwise.

The minister has indicated, in the course of his remarks on, I think, two occasions now, that it is desirable that the research council—we are not talking now about corporations, but about the council—should have power to carry through its research work to the point of testing in pilot plants; and I think we would all be in agreement with that position. As long as the manufacturing which is intended to fall within the scope of this new power is confined to manufacturing in the pilot plant stage, then I think no one will take exception to it. But, with respect, the section as it now stands is unnecessarily broad. It will be noticed that it is not confined to experimental and development work, but it says, "and manufacturing". If I am not mistaken, the minister's intention is to confine manufacturing as it appears in that subsection to manufacturing in the course of experimental and development work or manufacturing incidental to the experimental and development work, not manufacturing in the commercial sense.

I think I have made my point clear on that. It is desirable that the unnecessary breadth of the language should be reduced in keeping with the purpose which the minister has indicated to the committee this section is intended to serve. It has been indicated that the research council is not a body which has at all times practised the most efficient business methods, and the desirability has appeared more than once in the debate of clearly distinguishing between business on the one hand and research on the other. The minister stated at page 1904 of *Hansard:*

I think those who are best acquainted with the council realize that its business administration has not been all that could be desired.

That is the reason he gave for appointing a vice-president who will be a business executive.

Again, the minister stated at page 1906:

It has never been the practice of the national research council to go into the manufacturing business.

If the intention of this section is to give the council power to carry on such manufacturing, that is to say up to the pilot plant stage, as is incidental to experimental and development work, then we are in complete agreement as to what is desirable. But we say that the language for that purpose is unnecessarily broad, and I would therefore ask the minister to agree to amend the new paragraph (h) by inserting after the word "manufacturing" these words:

incidental to such experimental and development work.

I hope the minister will agree to that, because it will make clear what he has already indicated to be the purpose of the amendment to the act. It does not take away anything except unnecessary breadth in the language. The paragraph as it stands is broad enough, I fear, to permit the council to carry manufacturing actually to the commercial stage, and we have been assured by the minister that that is not his intention.

An hon. MEMBER: Why not?

Mr. FLEMING: An hon. member in the C.C.F. group says, "why not?" We can have a long debate on that. I am content to discuss that question with my hon. friend at any time, but if the minister will indicate now his view of this phase of the matter we may be spared another debate on the question the hon. member raises.

Mr. HOWE: I suggest to my hon. friend that a careful reading of the section will indicate that with the pilot plant work it is definitely limited:

To carry on experimental and development work and manufacturing with respect to the matters referred to in paragraphs (c) and (d) of this section so as to render the processes, methods or products to which the said matters relate more available and effective in useful arts and manufacturing—

Mr. FLEMING: Go on.

Mr. HOWE:

—and for scientific purposes and otherwise.

Mr. FLEMING: Yes, "and otherwise."

Mr. HOWE: Perhaps "and otherwise" is superfluous. Without that phrase the limitation would be just as exact in the present wording as in that suggested by my hon. friend.

Mr. FLEMING: I take it we are in agreement on the purpose which the section is intended to serve. It is simply a matter of the breadth of the language used, and I would urge upon the minister that the language I have proposed gives the council all the power for which he has been contending on two different occasions. It does not take away from the council anything that is desirable, and it will contribute something to the clarification of the section if we add the words "incidental to such experimental and development work" after the words "manufacturing."

Mr. HOWE: I suggest again that a careful reading would indicate that the limitation is there now:

. . . so as to render the processes, methods or products to which the said matters relate more available and effective in useful arts and manufacturing

And also more available and effective for scientific purposes and otherwise.

Perhaps I might state the experience of the war years. In the war years the research council did a great deal of work in radar. It did not manufacture radar for the public, but it did manufacture one radar set as a pilot model and that was sent to Research Enterprises where the manufacturing process was carried on. I suppose in the narrow sense of the word the manufacture of that one radar set could be called manufacturing, but it is manufacturing, following the wording of the act, "to which the said matters relate" so as to be more available and effective in useful arts and manufacturing. It was simply the manufacturing of a pilot model.

Mr. FLEMING: Would that not be the kind of manufacturing that would clearly be incidental to experimental and development work? My amendment, I repeat, would not take away from the council anything which the council ought to have in the way of power. What the minister says substantiates what I stated before, that we are at one on the purpose, and it is simply a matter of reducing the unnecessary breadth of the language in the section. For the sake of clarification, what objection can there be to the insertion of the words I have suggested?

Mr. HOWE: My suggestion is that it would be redundant. The act says exactly what the hon. member wishes it to say:

so as to render the processes, methods or products to which the said matters relate more available and effective in useful arts and manufacturing.

It is not manufactured except in the sense of making the product available and effective in useful arts and manufacturing and making it available and effective for scientific purposes and otherwise. It is to make the discovery effective to the manufacturer.

Mr. STIRLING: What in the minister's mind does "and otherwise" mean? It seems to me to mean et cetera, et cetera.

Mr. HOWE: I do not mind proposing an amendment which might clarify the position.

Mr. FRASER: Could the minister not say, "for scientific and other purposes"? Would that not cover it?

Mr. HOWE: That is what it does say.

Mr. JAENICKE: The objection I have to the section refers to paragraph (i) and not to (h), because there is an altogether new principle involved—

The ACTING CHAIRMAN (Mr. Golding): Order. I suggest that it would be better to finish with (h) before we go on to (i). An amendment has been proposed by the hon. member for Eglinton that section 7 be amended by inserting in the eighth line on page 3 after the word "manufacturing" the words "incidental to such experimental and development work".

Mr. HOWE: Will my hon. friend read the section as it would appear with his proposed amendment?

Mr. FLEMING:

To carry on experimental and development work and manufacturing incidental to such experimental and development work with respect to the matters referred to in paragraphs (c) and (d) of this section so as to render the processes, methods, or products to which the said matters relate more available and effective in useful arts and manufacturing, and for scientific purposes and otherwise.

It is then both clear and grammatical.

Mr. PROBE: It is clear that our hon. friends to the right are definitely trying to ensure in this paragraph that under no circumstances shall manufacturing for commercial purposes be carried on by the crown. I presume that is correct. That is the purpose of the present amendment, to guarantee that the research council shall under no circumstances step into the manufacturing business for commercial purposes.

Mr. FLEMING: I think it would be more accurate to say that the purpose of the amendment is to clarify the section so as to establish that which he has said to be clearly the intention.

Mr. PROBE: That is the intention?

Mr. FLEMING: Yes. It is a matter of clarification only. The minister is in agreement on the purpose.

Mr. PROBE: Is the minister also in accord with that as the function of this corporation, that there shall be no commercial manufacture at any stage of the work of the national research council so far as the Canadian people are concerned?

Mr. HOWE: Under this act it is not the intention to permit manufacture. It has never been the practice of the national research council to do manufacturing or development work beyond the preliminary stages, and there is no intention on my part to change that situation. My legal advisers believe that the amendment is wholly redundant, but there is no objection to it. If my hon. friend wishes to press it and the committee wishes to carry it, it will be quite all right with me.

Mr. PROBE: As I see this section, the Conservatives are quite consistent. They want to make sure that we undertake all the expense of the original research in the early stages. The cost can be cheerfully borne by the Canadian people as a whole in the early stages. Then when we come to the time that it is commercially feasible, after we have set up a pilot plant to show that the process is feasible, then they suggest that we turn it over to Messrs. Conservatives and Company—

Mr. MacNICOL: You mean you will sell it?

Mr. PROBE: —and let them exploit it. That is the history of their party as far back as you care to go.

Some hon. MEMBERS: Cheap.

Mr. JACKMAN: Just like Marquis wheat; it is the same idea—for the benefit of all Canadians.

Mr. PROBE: Provided that the grain exchange can handle Marquis wheat; provided that the friends of the hon. member for Rosedale can buy or otherwise.

The ACTING CHAIRMAN (Mr. Golding): I would ask hon. members to confine their remarks to the section under discussion. It has nothing to do with wheat.

Mr. PROBE: The hon. member for Rosedale brought it up as an example, and I am quite insistent that I want to be clear with respect to both what our friends to the right see in this section and what the Minister of Reconstruction sees in it on behalf of the government.

Mr. JACKMAN: Perhaps you will not like him so much then.

Mr. PROBE: The hon. member for Rosedale and his confreres see in this section a definite step. Once the experimental expense has been undertaken and the product is feasible for manufacture they will take it over at their price. The minister has indicated that he is prepared in general to adopt the same idea. Am I right in that? I should like the Minister of Reconstruction and Supply to say whether or not he believes the crown should step out. Once the thing is proved to be commercially feasible? Is the government then going to step out after the expense has been undertaken, and turn the rest of the production over to private enterprise?

Mr. HOWE: I should not care to give a reply to that, but I would say that when the experimental work is finished it is no longer a matter for the research council. It has never been the practice of the research council to manufacture anything for sale, and I sincerely hope that that will always be the policy, because research is one thing and manufacturing is another.

Mr. PROBE: With that, of course, I am in accord so far as the research council is concerned, but I hope that the purport of this is not to stop necessarily a crown company of some other sort from carrying on with the commercial development—

Mr. JACKMAN: That is another matter.

The ACTING CHAIRMAN (Mr. Golding): Is the committee ready for the question?

Amendment (Mr. Fleming) negatived.

Mr. FLEMING: The minister said he had no objection to it.

Mr. JAENICKE: With regard to the proposed new paragraph (i) of section 10 of the act, we of this group have some objection to it because it involves a great change in the previous act. The new section 11 replaces the old section 11 and omits the provisions covered by the new paragraph (i) of section 10. I should like to read the old section, which is as follows:

> All discoveries, inventions and improvements in processes, apparatus, or machines, made by a member or any number of members of the technical staff of the council shall be vested in the council and shall be made available to the public under such conditions and payment of fees or royalties or otherwise as the council may determine, subject to the approval of the governor in council.

As I read this section it means that the crown would always obtain the patent rights in any inventions or discoveries made by the research council. I think we should retain that; but paragraph (i) of the new section 10 changes that and proposes that the council

shall have power to sell or otherwise grant the patents or discoveries which are made. We know that to-day patents are one of the causes of the grip which monopolies have upon our economic life. While personally I have no objection to making any inventions and patents available to private enterprise, so to speak, I think the crown should at all times retain the absolute right in them so that they can license not only one but two or three, because our hon. friends who support private enterprise say that competition is the life of trade. I therefore move that the words "or sell or otherwise grant" in the first line of paragraph (i) of the new section 10 be deleted.

Mr. HOWE: I think my hon. friend is mistaken about the nature of the transaction referred to. The national research council is the agency of the corporation of the United States which handles patents in that country. The national research council handles the Canadian rights to patents owned by the government of the United States, through this corporation, and also handles Canadian rights for the government of the United Kingdom, and it may lease or sell as instructed by the owners of the patents. Though it is not the practice of the national research council to sell its own patents—usually the practice is to grant non-exclusive licences—nevertheless there may be a patent which has no value so far as the commission can see. Take magnesium which we have discussed to-night. Had there been a patent, and had the commission reported the process not desirable for the government to enter into, nevertheless private enterprise saw possibilities that warranted further development. If private enterprise had been unable to do so because they could not acquire the patent, that would have been an unfortunate result. In other words, the fact that a patent has been granted should not be allowed to prevent others from carrying on further with the development if they are prepared to pay a reasonable price for the work that has been performed and for the patent that has been obtained. Therefore there are many reasons why refusal to sell might be contrary to the public interest.

Mr. JAENICKE: What section would that be?

Mr. HOWE: The hon. member read it himself, section 11.

Mr. JAENICKE: With great respect I suggest to the minister that section 11 does not mean they have the right to sell.

[Mr. Jaenicke.]

Mr. HOWE: The section reads:

. . . shall be made available to the public under such conditions and payment of fees or royalties or otherwise as the council may determine—

What is "or otherwise"?

Mr. JAENICKE: I would say the implication there is that it simply means to license.

Mr. HOWE: Are you a lawyer?

Mr. JAENICKE: Yes.

Mr. HOWE: I will sit down. I am told by my legal advisers that under this section the council has been selling these foreign rights for a great many years. I presume my hon. friend would not give it as his legal opinion that they have been violating the act in doing so?

Mr. JAENICKE: I would not be prepared to answer that at the present time, but I will look into it.

Mr. COLDWELL: Which is a good legal answer, incidentally.

Mr. JOHNSTON: I shall not enter into the legal interpretation; but the thing that does amuse me is this: A minute ago when we were discussing section 8 the hon. member for Kindersley seemed to be very much concerned lest the research council would not be able to sell products which they manufactured. He took strong objection to that.

Some hon. MEMBERS: No.

Mr. COLDWELL: He said he did not care what happened to it.

Mr. JOHNSTON: Now he takes the other stand and wants to make sure that they do not sell them.

Mr. COLDWELL: No, nothing of the kind.

Mr. JOHNSTON: I am pleased that the minister has clarified section 8—and I understand that section has not been passed; at least, if it were, I did not hear it. The minister has said that the council as set out will not go into business of manufacturing articles for sale. I think that policy is sound.

With respect of section 7 (i), I agree that the research council should not sell patent rights. I have no objection whatsoever to their retaining possession of patents, and then letting them out for royalties, or by some other means, so long as they keep control. I am expressing my own personal view when I say that I believe there have been and still are cases where large companies have deliberately prevented the manufacture and sale of certain

inventions. I think the government should control that policy. That has always been our stand, and we have been consistent in it.

In my view the government should control the policy, but should not enter into the production of articles for sale. I think it can be more effective if it controls the policy in respect of the development of these resources. For that reason I am in doubt as to the explanation the minister has given, and I wonder whether his explanation is sound when he said the word "sell" would not prevent the research council from going into the commercial business of selling patent rights. If it does, then in my view it should not be so. I believe these patent rights are of interest to the whole nation. They should be retained by the research council, but should be let out to companies which should pay royalties for the use of them.

Then, those companies should be compelled to use such rights. I say that because in the past there have been examples of companies retaining important patent rights and refusing to develop them. That is not in the interests of Canada. When the government retains ownership and control of rights, letting them out on a royalty or rental basis, it would be in a position then carefully and judicially to control policy. I believe it should stay out of the market.

Mr. GREEN: What is the underlying policy of the research council with regard to these patents on inventions made by technical employees of the council? There seems to be some confusion on the point, and I did not get clearly from the minister's statement just what the policy has been?

It is quite clear that there have been many worth-while inventions during the war. With the council carrying on an expanded peacetime programme, there are likely to be more in the future—and we hope that that may be so. Is it the policy that, as these inventions are made and patents obtained, the right to use such patents will be given as widely as possible in Canada to any business concerns which can make use of them or, on the other hand, is it the policy to sell the right to a patent to some firm at the best price obtainable? It seems to me there is a big difference between those two policies, and I should like to know what the plan is.

I realize that if rights are being sold to another country, or to people outside Canada, it is only right and proper that they should pay a proper price for those rights. But it does seem that within Canada a different rule should apply.

Mr. HOWE: It has been the practice of the national research council to patent inventions made by employees of the council in the right of the crown in Canada. It has not been the policy of the Canadian government to sell its patent, so far as use in Canada is concerned. It has been the policy to grant non-exclusive licences.

My hon. friend asks if everyone who wants a licence can get one. That does not necessarily follow.

Mr. GREEN: No, I did not go that far. I referred to those who could honestly make use of the right in their business.

Mr. HOWE: It has been the policy to grant non-exclusive rights. How many non-exclusive rights will be granted in the same field is a matter of policy for the research council to decide.

Mr. COLDWELL: If it has been the policy of the national research council not to sell, then why include the provision at all?

Mr. HOWE: I was coming to that.

Mr. COLDWELL: It is the change in wording that is puzzling us. It looks like a change in policy.

Mr. HOWE: If I could finish my statement without interruption, perhaps I could make it clear. We have referred to the use in Canada of patents of the national research council. But the handling of patents goes much beyond that. As I say, by arrangement with similar organizations, the national research council is the agent of the United States research authorities for the handling of United States patents in Canada, and also for the handling of United Kingdom government patents in Canada. It may be the policy of the government owning the patent that it should be sold rather than leased.

There is also the matter of the foreign use of Canadian government patents. For instance, the patent rights in Egypt or in China of a Canadian patent might be better sold than leased. This simply gives flexibility to those who determine policy as regards the handling of patents, so that they can act in the interests of the Canadian government in the disposal of either their own patent or the patents of other governments which have been placed in their custody for disposal.

Mr. NICHOLSON: This afternoon I mentioned the discovery of a process to make glycol from low-grade wheat and damp frosted wheat. I understand that this glycol has stood up well, when compared with Prestone. My

information is that the process was made available to the Saskatchewan wheat pool. The argument was that this organization has large quantities of low-grade wheat in its possession from time to time, and that it would be the logical organization to manufacture.

On what terms would a process, such as the making of glycol from wheat, be made available to the wheat pool? Is it sold, or what charge is made for turning over the process?

Mr. HOWE: No Canadian patent is involved in the process of making glycol from Canadian wheat. It is a well known process. We give them the information, as one government to another. I believe there is no charge, as a rule.

Mr. COLDWELL: Some of us, and probably also the hon. member for Vancouver South, are interested in securing patents for the Canadian people with the title remaining in the crown. I can understand the minister's point of view when we are acting as the agent, say for the United States, or if we are sending a patent to Egypt; the probability is that we would sell for the United States or sell for ourselves in Egypt. Could this section not be so worded that there would be no doubt that what we have in mind is that we license or grant in Canada and authorize the council to sell on behalf of another government or beyond the borders of Canada?

Mr. JOHNSTON: If the Canadian government had a patent in connection with which they were negotiating in Egypt, what would stand in the way of the development of an Egyptian company by the Canadian government, merely granting them permission to use the patent on a royalty basis? I cannot see any reason why a company in Egypt would refuse to go ahead and manufacture on a royalty basis and not go ahead when it was not on an outright sale basis. I cannot see the logic of the minister's argument.

Mr. HOWE: The policy that we are discussing to-night is not a policy imposed by parliament upon the national research council, it has been the policy of the national research council since its inception not to sell its own patents in Canada but to grant non-exclusive rights. We are not changing that policy. It is contended that under the present act it was not possible to sell, but they have been selling for years. I doubt if they have been violating their own act.

Mr. JAENICKE: Not in Canada.

Mr. HOWE: They have been selling foreign patents in Canada as agents for other governments, and they have sold their own patents abroad. I do not think anyone will argue that there is anything in the present act to prevent them from selling a patent. In any event, it is not the intention to change the policy of the national research council, and for that reason I see no purpose in restricting the generality of the present bill.

Mrs. STRUM: Is this bill bringing the act into harmony with the practice?

Mr. HOWE: Yes. It is not changing the previous act particularly. I contend that the previous act gives authority to sell. The purpose of this is not to change the policy that has been the policy of the national research council since its inception; it is simply to clarify the language.

Mr. ZAPLITNY: I am far from satisfied with the explanation that has been given. It is stated clearly in paragraph (i) of section 7, "to license or sell or otherwise grant." Then it says, "any other rights, vested in or owned or controlled by the council." It is definitely changing the policy, if the policy has been not to sell patents that are owned by the council in the name of the crown. It states here, "or owned or controlled by the council." If it is not the intention to sell patents in Canada that are owned by the council, then that is not stated here.

I think what is required is a revision of paragraph (i). I believe that a new subsection is needed so that these patents may be handled in Canada for Canadian industry, as well as patents for other governments or for this government beyond the borders of Canada. I think it would be well to let the section stand and reword this paragraph because we shall talk about it for two hours and not get anywhere. I do not think the committee is satisfied with the explanation.

Mr. COLDWELL: I believe the hon. member for Dauphin has made a suggestion which should be followed. There is a general feeling, not only in this house but all over Canada, that in many respects the patent business is a great evil. We are anxious to see that this bill shall not give some future council some powers which we do not want to give out. I do not think any patent in the hands of the crown should be sold. I have no objection to making a patent available to business, but it should not be on an exclusive basis. I suppose, when we come to the Combines Investigation Act, we shall have an opportunity to go into this whole evil of patents. There are some examples of it in the field of radio and so on. I certainly object to the paragraph as it is worded; I think it needs rewording as the hon. member for Dauphin has suggested.

Mr. HOWE: I can assure my hon. friend that it has been very carefully considered. I doubt whether the national research council could carry out the responsibility it is taking under this act without the right to sell. For example, it appoints a university as an agent. Suppose that university develops something that is patented and asks the national research council to sell the patent for the account of the university. Surely it should have that right.

Mr. PROBE: That is as agent.

Mr. HOWE: If it cannot sell a Canadian patent, then it cannot sell it; that is all. Let us take another case. Supposing a milling company came to the research council and asked them to carry out certain research work at their expense. Technically, anything that was arrived at by the staff of the national research council would be the property of the council, and it would be necessary to sell the discovery back to the milling company in order to give it value for the payment it had made. I am simply putting a hypothetical proposition. This policy was not invented by parliament; it has been the practice of the national research council since its inception. For this parliament to take this opportunity to move in and impose restrictions on the activities of the council is, to my mind, not only unwise but immoral.

Mr. COLDWELL: I believe it is immoral for us to give rights that may lead to monopoly.

Mr. HOWE: We are giving no rights.

Mr. COLDWELL: As far as my opinion goes, I would not give an exclusive right by law for the use of a patent to anybody. I think the time has come when we have to protect the Canadian public against the kind of patent scalping we have had in this country for a long time. The minister gave the example of a milling company. If the milling company hired scientists to do a particular job in the way of developing a particular process and they were successful, I suppose that would be their property?

Mr. HOWE: Not under the act.

Mr. COLDWELL: Unless an agreement otherwise is made. I should like to see it provided that any patent obtained by the national research council shall be held permanently as an asset of the crown and leased, if necessary, to those who can use it. I do not want to see these patents sold within Canada for the exclusive use of anyone.

Mr. HOWE: They never have been.

Mr. COLDWELL: It seems to me that a simple change in this section would meet the difficulty. We are anxious to support the minister with his bill.

The ACTING CHAIRMAN (Mr. Golding): Does the hon. member for Kindersley (Mr. Jaenicke) wish to have his amendment stand?

Mr. PROBE: Unless we can have a compromise.

Mr. JOHNSTON: The minister referred to a university which might develop a patent and then give it to the research council to sell as agent. It seems to me that that would not require legislation because they would be acting merely as agents. As far as the milling company is concerned, if the research council developed a certain process it seems to me there would be grave doubt as to whom the patent belonged to once it was developed. A milling company might pay a scientist to develop a patent, and if it paid all the costs, probably the resultant patent would belong to the company. In that case you would not need legislation because the patent would already be the property of the milling company. The same is true of a university which developed a patent and gave it to the research council to sell as its agent. I do not think that would require a statute. The same would be true of United States concerns that put a patent into the hands of the research council as their agent. I do not think that would require a statute. The agent could go ahead legally and sell the patent wherever he wished. So it seems to me that "sell" is redundant and unnecessary. The minister has certainly not convinced me that these words are necessary, and if they are not necessary and redundant they should be struck out.

Mr. HOWE: I think my hon. friends are quite mistaken. Section 8 reads:

> 11. (1) All discoveries, inventions, or improvements in processes, apparatus or machines made by a member or any number of members of the technical staff of the council or a company and all rights with respect thereto shall be vested in the council.

That covers the milling company case.

Mr. JAENICKE: But you are repealing that.

Mr. HOWE: No.

Mr. JAENICKE: Yes, you are repealing it by section 8.

Mr. HOWE: That is right.

Mr. COLDWELL: That makes all the difference. Could this section not stand over?

Mr. HOWE: I should like to get this bill through to-night. I am busy too, you know.

Mr. COLDWELL: If this section could stand, I think we might probably get the rest of the bill through. It is not likely to go through to-night with this section as it is.

Mr. HOWE: Will my hon. friend promise to reexamine it from his point of view to see if I may not be right just as well as he?

Mr. JAENICKE: The minister says that it has been the practice not to sell patents belonging to the crown in Canada, but paragraph (i) of section 7 says that council shall have the right to license or sell or otherwise grant or make available to others Canadian or other patents. So that there is certainly a change in policy.

Mr. HOWE: It has been the custom to sell Canadian patents abroad. A patent is not valuable unless used reasonably soon. This is the proposal of the national research council. It has asked for this amendment to clarify its rights. It has no intention of changing its policy. An invention belonging to the council is transferred to the crown company. That would have to be a sale. Otherwise how could you transfer rights? The crown company can act as agent not only of the research council but of other governments which desire the council to handle patents; also for educational institutions which want a patent marketed. The council asked for this amendment and I am in favour of giving it to them and would be obliged if hon. gentlemen would support me. I do not think I would be justified in accepting a snap amendment which may or may not be wise.

Mr. COLDWELL: That is why I suggested letting the section stand. No doubt the national research council knows exactly what is intended, but in three or five or ten years from now we may have an entirely new council, and one day some one may want to buy a patent for use in Canada. Their lawyer looks at the act and says: Yes, we have the right to sell this patent in Canada and we are going to do so.

Mr. JOHNSTON: No matter how good the intentions of the minister or of the council may be, the fact is that when you interpret a statute you must go by the language of the statute. I think the minister should reconsider this section.

Mr. STEPHENSON: I am not a lawyer and am speaking only as a layman, but the wording of the section seems very clear to me. Reading it this way it says:

To license to other Canadians, or to sell to other Canadians or to make available to other Canadians patent rights.

[Mr. Coldwell.]

The word "sell" is definite. After all, the grants that are made to these corporations or to companies formed under the council come out of the taxpayers' money, yours and mine. Therefore we have already paid for these discoveries and inventions with our own money. Why should they not be made available to the Canadian people without being sold to them?

Mr. HOWE: That is a fallacious argument. It has been made many times in connection with War Assets Corporation. We have heard it repeatedly said that the country has paid for such-and-such equipment, and why should the people have to buy it back again? That is a ridiculous argument. The taxpayer is entitled to a run for his money just as well as anybody else. If a man creates a valuable invention it is ridiculous to say that it has been paid for by the taxpayer.

Mr. STEPHENSON: If, for instance, I were paying a man working for me, and if he created something while he is working for and being paid by me, it belongs to me, his employer. So, if a person works for the government and is paid by the taxpayers' money, whatever he creates belongs to the people.

Mr. MacNICOL: There seems to be a lot of talk about patents by many who seemingly know very little about the subject. I could not dream of a manufacturer getting a patent from the national research council if it were to be made available to scores of other manufacturers, because then it would be of no value to anybody. Suppose that the research council developed a solvent for boilers and they notified all and sundry to see what they had developed. Nobody would want to take it. It would have no value unless someone had an exclusive right to it. Most patents can be got around by clever, able men. I do not know of any ordinary business patent that could not be got around. I think the government should put the patent up for sale and sell it to the highest bidder on condition that he uses it. That would create employment. If he does not use the patent, take it back.

Amendment (Mr. Jaenicke) negatived.

The ACTING CHAIRMAN (Mr. Golding): Section carried.

Mr. ZAPLITNY: I was up, Mr. Chairman, before you declared section 7 carried. I am not satisfied with the conclusion we reached. We seem to have got back to where we started. We made a perfectly reasonable request to the minister, that the first paragraph of section 7 stand until such time as the two types of patents involved in it can be separated. There are definitely two types of patents to be considered.

The ACTING CHAIRMAN (Mr. Golding): Order. Section 7 is carried.

Some hon. MEMBERS: No.

Mr. COLDWELL: It was the amendment which was lost, and when the amendment was lost the section was not carried.

The ACTING CHAIRMAN (Mr. Golding): Yes; I said that section 7 was carried.

Mr. COLDWELL: No; my hon. friend was on his feet.

Mr. HOWE: Let us go back to it.

Mr. MACKENZIE: It was declared "carried," but I think we might revert to it.

The ACTING CHAIRMAN (Mr. Golding): The amendment was lost, and then I asked if section 7 was carried. As far as the chair is concerned it is carried. If it is the wish of the committee to revert to section 7 I am in their hands.

Mr. MACKENZIE: Yes.

Mr. ZAPLITNY: As I pointed out, I was on my feet before it carried.

Mr. MITCHELL: Do not argue about it. We have gone back to it.

Mr. ZAPLITNY: I will not argue about it now. I was pointing out that two types of patents are involved: first, patents developed and owned by the research council. Then there are those of which the minister spoke, which are held on behalf of this country or other countries by the research council which acts as agent for these patents. In order to avoid confusion, it is quite clear that we shall have to have another paragraph dealing with the other half of this question. Unless they are separated we are definitely giving the research council the right, almost an instruction, to sell patents to private enterprises or private industry, if you want to call it that. Regardless of what the minister may say as to the policy of the council, we are taking the responsibility for this legislation; we are passing on it; from now on parliament will be responsible for this act, and I for one will not agree to have it stand as it is.

Section agreed to.

On section 8—Discoveries and inventions vested in council.

Mr. FRASER: I wonder whether the minister or the research council has made any provision for rewarding the technicians who may make a discovery. Do you reward them in any way?

Mr. HOWE: Section 11 of the act states:

2. The council, with the approval of the governor in council, may pay to its technical officers and to others working under its auspices who have made valuable discoveries, inventions, or improvements in processes, apparatus and machines such bonuses or royalties as in its opinion may be warranted.

Mr. FRASER: Has a special fund been set up for that? What I want to know is, has a limit been put on the amount?

Mr. HOWE: Certain receipts from patents and royalties have been set up in a fund, but I have been told that no awards have been made from it. In other words, it would need to be an exceptional case to call for a reward, since research is the ordinary occupation of members of the research council, and the finding of patentable devices is part of their daily task.

Mr. FLEMING: I understand that the national research council does not receive fees for work done on behalf of outside persons, that, for instance, unlike the Ontario research foundation, it does not run a research service. Does it collect a fee only in the event of a sale or leasing or granting of patent rights? Am I right in that?

Mr. HOWE: My hon. friend is quite mistaken. Industry is charged fully for any work which is done for industry. I pointed out that the earnings of the national research council for work carried out for industry over the past six years have amounted to about $5,000,000.

Mr. FLEMING: Yes. The minister spoke about a number of government departments in that respect.

Mr. HOWE: That is something else. That it another source of income.

Mr. FLEMING: I now have the report of the council for the year 1944-45, and I am informed that none has been tabled or submitted to members of parliament hitherto. On page 14 there is a financial statement, but I had not an opportunity of checking into it before the bill came up.

Mr. HOWE: The financial statement is on page 14. The revenue from patents is shown there: royalties, and sales of patents; revenue for the year was $42,836.51.

Mr. FLEMING: The next item, laboratory fees, is, I take it, the answer to my question.

Mr. HOWE: Yes; that is correct.

Mr. FLEMING: That is a fee for a particular service rendered at the request of someone?

Mr. HOWE: That is correct, yes.

Section agreed to.

On section 9—Council may procure incorporation of companies.

Mr. GREEN: Section 9 adds two sections to the original bill: section 14, which deals with crown companies; and section 15, which deals with the setting up of a pension fund. My remarks will deal only with the proposed section 14. Under it the research council will be able, with the approval of the governor in council, to procure the incorporation of any one or more companies under the provisions of part I of the Companies Act, and as I said the other evening with regard to the Government Companies Operation bill, we do not believe that this is a proper way to set up crown companies. We believe that if there are to be crown companies set up to do the work to which the minister has referred, for example to handle patents and other rights, he should bring in a bill providing for the setting up of that particular company. I do not intend to repeat the arguments which have been made on that question, but I would point out again that the minister explained this afternoon that that company to handle patents would be handling not only patents on improvements made by the staff of the national research company, but also patents made by the staffs of universities or acquired from other outside sources. I suggest that it is not correct to have the research council given the power to set up a corporation of that type, and I would appeal to the minister once more to bring in a special bill providing for that proposed corporation. Furthermore, he has said that he intends to have that section apply only to the maximum of three companies. The second one was the Eldorado company, and I am not sure of the third.

Mr. HOWE: Chalk River.

Mr. GREEN: The possibility of setting up Chalk River. I suggest to him that this is not the proper way to provide for the setting up of a new company in the case of Chalk River, or for taking over the Eldorado company. I move, seconded by the member for Davenport, that section 9 of bill No. 154 be amended by deleting section 14 added to the research council act thereby.

Amendment negatived on division.

Mr. FLEMING: In the proposed new section 14 (b) there is a word that needs some clarification. In line 42 we find the words "existing companies". That word "existing" is ambiguous in this context. It might be considered by some members that it means existing at the date of the enactment of the present bill, but it will be found that "existing" will mean any company that is in existence at any time that this new section 14 is in effect. Therefore the scope of the section is very wide. It can apply to any company which happens to be in existence at any particular time that the national research council with the approval of the governor in council, decides to assume control of it. That is not what the minister indicated as the purpose behind the amendment. As one followed his argument, it was to the effect that there were certain companies now in existence. He mentioned two, with the possibility of a third. For the sake of clarification, would the minister indicate the interpretation he proposes to put on the word "existing"? Does he intend to take advantage of it in future to take over companies existing at any time—crown companies which he desires to bring under the control of the council?

Mr. HOWE: I see no harm in it. If a company is wholly owned by the government and the government desires to divorce its direction from one agency and submit it to another, I cannot see why any hon. member would object. For example, the Eldorado company is at present administered by the Minister of Reconstruction and Supply. It is not crystalized as yet, but there is a suggestion that the control of that company might be exercised through the national research council. Has my hon. friend any objection to that?

Mr. FLEMING: I think the minister has missed my point. He has made out from time to time what he considers to be a case for three companies. The first is a company to hold patents which would be set up presumably under the proposed new section 14 (1) (a), but he is asking for power to bring under the research council other crown companies which may come into existence at any time. He referred to two companies now in existence—

Mr. HOWE: No, one now in existence.

Mr. FLEMING: The Eldorado now in existence, and the Chalk River plant whose ownership may be vested later on in the crown. The power under section 14 (1) (b) goes far beyond the scope which the minister indicated he attached to the section. "Existing" will not be interpreted as meaning only those companies in existence at the date of the enactment of this bill before us. It will mean, if carried in its present form, any crown corporation in existence at any time

as long as this section 14 is in effect, and it is therefore broader than the case the minister made out. If he can make out a case for broader provisions than he has done up to the moment, we can consider that; but this goes far beyond the case he has tried to make out up to the moment.

Mr. HOWE: I have stated the intentions of the government in that regard, but I see no objection to my hon. friend making a case against any corporation wholly owned by the government being placed under the national research council. Is he doing so?

Mr. FLEMING: I submit that in every case parliament should say whether it should go to the research council or not. I do not think it should be done by executive act.

Mr. HOWE: There is a Transfer of Duties Act, which allows the Prime Minister to transfer any activity of government from one agency to another agency of government.

Mr. FLEMING: That does not in the least affect the point I am making. Here you have joint stock companies whose stock is owned by the crown and you have a provision that the council may, with the approval of the governor in council, assume ownership of the stock of those companies and the direction of them. Parliament should have an opportunity of passing on these individual cases, and it should not be left to be accomplished simply by decision of the governor in council without reference to parliament.

Mr. ZAPLITNY: There are references in the proposed new section 14 to shares necessary to qualify persons as directors. To what type of shares does this refer? Is that a provision of the Companies Act, making it necessary for the directors to own shares?

Mr. HOWE: Under the Companies Act a director must be a shareholder of the company. That is effected by turning over a share which has been previously endorsed by the director in favour of the crown, and the share is deposited with the crown so that it can be transferred back to the crown at any time by action of the crown independently of action of the director. It is necessary to preserve that fiction, if you like, in order to comply with the Companies Act.

Mr. ZAPLITNY: Is there any stipulation as to the number of shares?

Mr. HOWE: One share.

Mr. GREEN: The new section 15 provides for the establishment of a pension fund or other pension or superannuation arrangement for the benefit of members of the professional scientific staff of the council. This afternoon I understood the minister to say something about the other employees of the council. I thought he said they were to be employed under the Civil Service Act.

Mr. HOWE: That is right.

Mr. GREEN: Does that include the non-technical employees of any crown companies set up or taken over by the council?

Mr. HOWE: The crown companies have the right to set up their own pension plans. I was talking about employees of the national research council. The provision there is that scientific employees will have a special provision for reasons I have already explained. The non-technical employees would come under the Civil Service Superannuation Act. Crown companies will come under such superannuation act as may be proposed by the companies and approved by the governor in council.

Mr. GREEN: I understood the minister to say that the other employees would come under the Civil Service Act.

Mr. HOWE: The Civil Service Superannuation Act.

Mr. GREEN: I take it, it is the Civil Service Superannuation Act.

Mr. HOWE: Yes.

Section agreed to.

Bill reported, read the third time and passed.

ATOMIC ENERGY

PUBLIC CONTROL AND SUPERVISION OF DEVELOPMENT, APPLICATION AND USE

Hon. C. D. HOWE (Minister of Reconstruction and Supply) moved the second reading of bill No. 165, relating to the development and control of atomic energy.

Mr. GREEN: Is the minister not making a statement?

Mr. HOWE: When the resolution was under discussion I made a rather full statement of the objects of the bill. I appreciate that other hon. members will wish to discuss the contents of the bill; therefore I suggest, sir, that you call it eleven o'clock.

On motion of Mr. Howe the debate was adjourned.

On motion of Mr. Mackenzie the house adjourned at 10.55 p.m.

Tuesday, June 11, 1946

The house met at three o'clock.

PRIVILEGE

CARDS SENT TO MEMBERS PURPORTING TO BE SIGNED BY CONSTITUENTS

Mr. M. J. COLDWELL (Rosetown-Biggar): Mr. Speaker, before the business is proceeded with I wish to rise to a question of privilege, affecting not only myself but I am sure other members of the house as well. Hon. members have been receiving cards purporting to be signed by their constituents, and supplied by the Income Tax Payers' Association, which read:

I respectfully urge:

1. That the government apply income taxation on exactly the same basis on all forms of commercial enterprise, including cooperatives, crown companies, municipal and governmental undertakings and mutual concerns.

2. That patronage dividends, and like payments, be disallowed as an expense before arriving at taxable income.

Some of us have acknowledged a number of these cards. We are now getting letters from the persons who were purported to have signed them; and some are returned marked "no such person." I shall just read one to give the house an indication of the type of letter we are receiving. This reads:

I received your letter this morning and I wish to state that no such card was ever sent by myself or any member of my family. It seems that some one is signing false signatures and sending these cards in, as I have heard others of this district complain of getting letters they could not understand.

The letters that hon. members are getting in acknowledgment of the letters written by hon. members indicate that apparently no such cards have been sent by these people.

Mr. SMITH (Calgary West): On the same question of privilege, I have received 1,270 cards, but I was smarter—I have not answered one of them.

Mr. COLDWELL: It is a good thing that somebody answered them so that we may know who is sending them.

WHEAT

PAYMENT ON 1943-44 PARTICIPATION CERTIFICATES

Hon. J. A. MacKINNON (Minister of Trade and Commerce): Mr. Speaker, I am now in a position to make a brief statement in respect to the payment on 1943-44 wheat participation certificates. The surplus in the 1943-44 board account is approximately $36,000,000, which on deliveries of 293,375,116 bushels will provide an average final payment of about 12 cents per bushel.

In connection with the surplus on the 1943-44 board account, it is necessary to mention that on sales in the domestic market, the intention is that there shall be no loss or gain as far as the producer is concerned—this wheat is sold at $1.25 per bushel, basis No. 1 northern, in store Fort William/Port Arthur or Vancouver, with the dominion government assuming carrying charges. 1943-44 wheat for export was sold over a period of approximately a year and a half, commencing in October, 1943.

The actual payment on 1943-44 participation certificates will begin as soon as the barley equalization payment and the Ontario wheat flour equalization payments are completed. Requisition forms will be distributed through country elevators within a week or ten days time. These are the forms upon which producers will list their 1943-44 wheat participation certificates for forwarding to the board for payment.

It is expected that the payment on the 1943-44 board account will be much more rapid than the payment in respect to participation certificates for 1940-41, 1941-42 and 1942-43. In these latter crop years, about five to six million participation certificates were outstanding and approximately twenty per cent had been lost or misplaced, which retarded the rate at which payment could be made. In respect to 1943-44, there will be fewer lost certificates, and the payment should proceed much more rapidly. Approximately 2,500,000 participation certificates are involved in the 1943-44 payment, and it is estimated that about 400,000 cheques will be issued.

Last year some areas in southern Saskatchewan and southeastern Alberta experienced poor crops, and in some points in Saskatchewan low yields per acre were harvested in 1943 as well. In making payment on 1943-44 participation certificates, the Canadian wheat board will arrange to make payment first in these areas to which I have just referred. The 1943-44 production was very uniform, and with the exception of a very few grades, the payment per grade will be about twelve cents a bushel in each case.

Mr. BRACKEN: Could the minister state approximately when the cheques will go out?

Mr. MacKINNON: As far as I know, in about ten days' time.

UNITED NATIONS

ELECTION OF MEMBER NATIONS TO SECURITY COUNCIL

On the orders of the day:

Mr. GORDON GRAYDON (Peel): May I ask the Acting Secretary of State for External Affairs when the next election of member nations to the security council of the united nations will be held, and what member nations are due to retire from the security council prior to such election?

Right Hon. L. S. ST. LAURENT (Acting Secretary of State for External Affairs): The next election to the security council of the united nations is due to be held at the general assembly of the united nations which is called for September 3, 1946. No member is to retire before that date. But Egypt, Mexico and the Netherlands were elected to the security council for a one-year term ending in January, 1947, and they are due to be replaced by those who will be designated at the election to be held at the September meeting of the general assembly of the united nations.

THE BUDGET

INQUIRY AS TO EXTENSION OF MARRIED STATUS FOR INCOME TAX PURPOSES

On the orders of the day:

Mr. GORDON GRAYDON (Peel): May I ask the Minister of Finance whether in his preparation of the forthcoming budget he will give favourable consideration to permitting unmarried persons, widows, widowers, and separated married persons to claim married status in their future income tax returns where such persons maintain a self-contained domestic establishment?

Some hon. MEMBERS: Order.

Mr. GRAYDON: I hope the government is not closing the door to suggestions affecting the welfare of the people—

Right Hon. J. L. ILSLEY (Minister of Finance): Mr. Speaker, while I received notice of the question I did not really expect my hon. friend to ask it, because it is an attempt to elicit advance information about the budget.

Mr. GRAYDON: I was not seeking advance information. I was asking the minister to give consideration to my suggestion.

Mr. McCANN: Favourable consideration.

Mr. GRAYDON: I would not expect the Minister of Finance to divulge in advance anything about the budget.

LABOUR CONDITIONS

COMMISSIONER TO INQUIRE INTO STEEL INDUSTRY

On the orders of the day:

Mr. CLARENCE GILLIS (Cape Breton South): May I direct a question to the Minister of Labour arising out of inquiries I am receiving from the steelworkers' union at Sydney, Nova Scotia. Has the Department of Labour been requested by the national steelworkers' union and the minister of labour in the Nova Scotia government to set up a commission to inquire into the wage rates paid in the steel industry? If so, can the minister name the personnel of the commission? If not, is the government considering the appointment of such a commission?

Hon. HUMPHREY MITCHELL (Minister of Labour): Mr. Speaker, the answer is simple. Most people know, particularly my hon. friend, that we are having our troubles one way or another in many parts of Canada. I have received a wire from the minister of labour for Nova Scotia suggesting that a commissioner be appointed in connection with the dispute that exists in the steel industry. I have no knowledge of having received any request from the steelworkers' union, but it is my intention to appoint a commissioner in the near future. When that is done I shall be glad to acquaint the house.

SEAMEN'S STRIKE

On the orders of the day:

Hon. HUMPHREY MITCHELL (Minister of Labour): Mr. Speaker, I might just as well mention another big strike in the country, the seamen's strike, because I shall probably be asked a question about it. The parties are closer together to-day than they ever were before. I think that is a fair thing to say. May I add that we are getting all the old tricks of the trade in this dispute. We have the usual gang of overnight revolutionaries, professing to give leadership to the rank and file of the seamen's organization. Only last week the same old communist trick was played: I was billed to address a meeting in Welland, my constituency, along with Mr. Pat Sullivan, a Mr. McLean, and C. S. Jackson of the electrical workers' union, but I had not been consulted. At least somebody did send a wire to me but my office wired back that I could not be there. Those who know the intimate workings of the labour movement appreciate this kind of dodge.

As I have said before, I am prepared as Minister of Labour to support any just cause. I always endeavour to be fair and decent and

to avoid taking sides except when absolutely necessary. This kind of gag, you understand, does not fool me or further the interests of the working people of this country. I repeat that the communist crowd in this country do not want a settlement of strikes. Let me say this to them: Speaking as an individual, if they want a battle, well, the battle is on.

LUMBER INDUSTRY—STRIKE IN BRITISH COLUMBIA

On the orders of the day:

Hon. GROTE STIRLING (Yale): Will the minister deal with the situation in British Columbia?

Hon. HUMPHREY MITCHELL (Minister of Labour): I have not had any further information about British Columbia.

HAROLD LASKI

INQUIRY AS TO RECENT STATEMENT ON CANADIAN JUDICIARY

On the orders of the day:

Mr. E. G. HANSELL (Macleod): May I ask a question of the appropriate minister?—I think it would be the Minister of Justice. I am sorry I did not give notice of the question. What action has the government taken or is it contemplating in regard to a statement made by one Harold Laski, prominent in government circles of another country, smearing the Canadian judiciary, particularly when the spy cases are *sub judice*?

Right Hon. L. S. ST. LAURENT (Minister of Justice): Mr. Speaker, the Canadian government has taken no action and feels that it can leave it to the good sense of the Canadian public to form its own impressions of the statement made.

DOMINION ELECTIONS

ANNIVERSARY OF 1945 ELECTION

On the orders of the day:

Mr. L. A. MUTCH (Winnipeg South): Mr. Speaker, I wish to address a question to the Acting Prime Minister. Have any steps been taken to mark this June 11th anniversary of the last federal election as a day of national thanksgiving?

ATOMIC ENERGY

PUBLIC CONTROL AND SUPERVISION OF DEVELOPMENT, APPLICATION AND USE

The house resumed from Monday, June 10, consideration of the motion of Mr. Howe for the second reading of bill No. 165, relating to the development and control of atomic energy.

[Mr. Mitchell.]

Mr. H. C. GREEN (Vancouver South): Mr. Speaker, it is my understanding that the Minister of Reconstruction and Supply (Mr. Howe) is not speaking at this stage of the discussion on the motion for second reading of the bill, but I presume that he will be making a statement in concluding the debate.

The atomic energy control bill, unlike most of the bills that come before this house, breaks new ground. It is an attempt to deal with a new problem, that of the control of atomic energy, and to do so at a time when no one can be sure of the potentialities of this new power either for good or for evil, its potentialities for the improvement of the lot of humanity or for the destruction of our civilization.

Canada is directly concerned for several reasons. In the first place, in our country there is one of the main sources of the mineral from which this atomic energy is produced, namely uranium; it is found away off in the northwest territories of Canada. Secondly, Canadian scientists and manufacturers have taken a very big part in discovering the secret of atomic energy and of putting that energy to use. Canada is concerned for a third reason, in that we share with the United States and the United Kingdom many of the secrets of manufacture, and finally, because this nation is a member of the united nations atomic energy commission. Membership of that commission is confined to the eleven nations that have been elected to the security council, with the addition of Canada. So I repeat that we are directly concerned with this question of atomic energy.

Now Canada must devise methods to control and supervise the development and the application and use of atomic energy. I think the situation is very well described in the preamble to the bill we are considering, No. 165:

> Whereas it is essential in the national interest to make provision for the control and supervision of the development, application and use of atomic energy, and to enable Canada to participate effectively in measures of international control of atomic energy which may hereafter be agreed upon;

The Progressive Conservative party, for whom I am speaking to-day, agree that it is essential in the national interest that there should be a measure of this type. We are willing to cooperate with the government and with the other parties in working out the best possible methods for the development and control of atomic energy. Any suggestions we make about this bill to-day are made in that spirit, with a desire to be helpful, and I am sure that any other member of this

house who speaks on this bill, no matter to what party he belongs, will approach the consideration of the measure in exactly the same spirit.

We suggest to the house that it would be wise, after second reading of the bill, to refer it to a special committee for study. We think that the best type of committee would be a joint committee of the senate and of this house. We make this suggestion believing that this is the most important subject for legislation which has been before a Canadian parliament perhaps since confederation, certainly since the turn of the century. We believe that very careful consideration should be given to the bills which have been brought in in the United States and in the United Kingdom, and we do not believe that that can be properly and thoroughly done with the house in committee of the whole.

The minister has been kind enough to lend me a copy of the United Kingdom Act. One cannot get a copy of that act in the parliamentary library. Nor can one get a copy of the bill, known as the McMahon bill, which has just passed the United States senate; I believe the minister has a copy but copies are not available in the library. I have here the *Congressional Digest* for May 1946, which features what congress is doing to solve the problem of atomic control, (1) domestic, (2) international, and I recommend to any members who are interested in the subject that they look at this copy of the *Congressional Digest*. It gives a very fine review of the legislation and of the discussions which have taken place in the United States. I think it would be helpful if the minister could have printed in the *Votes and Proceedings* of the house for to-day a copy of the United Kingdom bill and also a copy of the McMahon bill. If that were done, every member who wished to do so would be in a position to study these bills.

The minister has told me that the United Kingdom bill to which I have referred has been passed by the United Kingdom parliament. I am not sure of this; perhaps he will confirm that to-day. I am unable to find from the records in our library whether or not the bill has actually gone through the House of Commons and the House of Lords. It was presented to the House of Commons on May 1, but the copies of the British *Hansard* which have come to hand so far do not contain any discussion on the bill, and so far as I can find, although I may be wrong, it has not yet actually become law.

Another reason for our suggestion that this bill be studied by a special committee is that the drafting of atomic energy legislation is very difficult. The Americans found that. For example, I quote from page 143 of the *Congressional Digest* this statement:

> Just what is the problem in drafting atomic legislation? The chief difficulty is the fact that never before in history has any government attempted to make a law governing the forces of nature. It presents a multitude of technical and legal problems.

At page 139 of the same issue is a statement by Doctor Vannevar Bush. As hon. members know, Doctor Bush was a member of the committee which was appointed by the late President Roosevelt, two and a half months before the atom bomb was used, to consider atomic legislation. Doctor Bush is the chairman of the United States office of scientific research and development. This is what he has to say about the legislative difficulties involved in atomic energy legislation:

> No more intricate and exacting problem was ever posed to government than this one. It is inherently complex because the science of the atom is complex. . . . The fact that the deadly military potentialities of the atomic bomb and the beneficent industrial applications of atomic power are inextricably intermixed complicates it further. Preventing war is a long task, which must be done bit by bit, step by step; so also is the development of peaceful atomic power. The two must be related in our thinking, and what we do toward achievement of the one must be weighed in the balance of its effect on the other.

Again, there is an almost complete lack of knowledge of this whole question, not only in this house but, I submit, throughout the country. There have not been discussions on the radio and in open forums across Canada such as those that have taken place in the United States. Our people are not informed on all the facts in connection with atomic energy. It should be fundamental that the people as a whole have some understanding of these problems before legislation is passed in this house; otherwise our democracy is not functioning properly. It cannot function properly if there is not a chance for the people to understand something at least of what is being discussed in the legislatures.

I think it would be most unwise to rush this bill through, to put it through second reading this afternoon and through committee to-night and to-morrow. Instead of doing that, we should give the bill second reading to-day and send it to a special committee. It can be dealt with again by this house in committee when it comes back from that special committee. But no matter where or how the bill is to be considered, there are many features which should be borne in mind, and this afternoon I propose to deal with eight of them. There will be many more, but I have picked out the eight which in my opinion are of vital importance.

In the first place, we should compare the controlling authorities which are to be set up in the United States, in the United Kingdom and in Canada. Under this atomic energy control bill we are providing for a board to be called the atomic energy control board. There will be five members on that board. In the United States they have set up a board of five, known as the atomic energy control commission; but in the United States they have in addition three watch-dog committees. I will explain these in greater detail in a minute or two.

In the United Kingdom bill there is no board at all. There, all the responsibility as well as the power is given direct to the minister of supply. He is the one named throughout the bill as the person in charge of development and control of atomic energy, and that of course has one very great advantage. It puts the responsibility right in parliament, because the minister has to stand up in parliament and answer for everything he does under the powers given him by the bill. There is no suggestion there, as I interpret their bill, of having an outside board or commission given these powers.

The powers are the most far-reaching given for many a long year by any parliament. These powers are to be given in Great Britain to the minister of supply, in the United States to the atomic energy control commission, and in Canada to the atomic energy control board, and they are tremendous powers. That is the only way in which they can be described. I repeat therefore that the first question that must be carefully considered is what type of controlling authority is to be set up in Canada.

The second consideration should be this. If we are to have a board such as the bill provides, should there or should there not be watch-dog committees? I have pointed out that in the United States legislation, under the McMahon bill, which, by the way, has passed the senate only and may not get through the house of representatives, they have a board of nine civilian advisers serving in an honorary capacity, being paid only a certain amount for their expenses. They get no remuneration. They are appointed by the president. At page 140 of the *Congressional Digest* there appears the following explanation:

> A board of civilian advisers is to be appointed by the president to meet at least four times a year and consult with the commission on scientific and technical matters relating to materials, production, research and development.

In Canada we are making no provision in this bill for any such advisory boards. In the United States there is a second watchdog committee which is known as the military liaison committee, and it is described in the following language:

> A military liaison committee, appointed by the secretaries of war and navy, is to consult with the commission on all activities relating to the military applications of atomic energy. This provision has been adopted to give the armed forces a proper voice in such matters as development, manufacture, storage, and use of bombs; allocations of fissionable materials for military research; control of information relating to the manufacture and use of atomic weapons. Upon receiving the recommendations of the military liaison committee, the secretaries of war and navy may at their own discretion carry to the president a protest against any of the commission's actions or failures to act in reference to the matters described. In such event, final decisions are made by the president.

The minister may say that in Canada we are not going to be manufacturing atomic bombs, but I submit that some consideration should be given to the setting up of a military liaison committee because of the fact that the mineral from which atomic bombs are made is found in Canada. This brings us to the question of defence. We must accept responsibility for defending these minerals. I suggest therefore that there is a good deal of merit in having some sort of military liaison with the atomic energy control board.

The third watchdog committee in the United States is a permanent joint committee of the congress. It is composed of nine senators and nine representatives. Their job is to make continual studies of the development of atomic energy and to keep congress fully acquainted with such developments. Under the Canadian bill there is no such provision. In the United States there are these three watchdog committees, and I think there is some merit in having committees of that type. Mind you, they are not supreme; at all times the atomic energy control commission is supreme. These committees are merely there to check on its activities and have been appointed because the power given to the atomic energy commission is so tremendous and atomic energy may mean so much both in the civilian life of the nation and in the event of war.

The third question which should be given careful consideration is this: Is there or is there not sufficient control over this new board so far as parliament is concerned? In the explanatory notes to the bill hon. members will find this statement:

> Control by parliament is provided for by sections 15 (making the board generally subject to the provisions of the Consolidated Revenue and Audit Act, 1931), 16 (providing that expenses of the board are to be paid out of moneys appropriated by parliament for the purpose except to the extent that the board or a company may receive funds through the conduct of its operations or by gift or other-

wise), 17 (providing for audit by the auditor general), 18 (declaring that works or undertakings relating to atomic energy are works for the general advantage of Canada) and 21 (providing for an annual report by the board to the committee—

Which means to the committee of the cabinet on scientific and industrial research.

—to be laid before parliament and for the making of such other reports as the committee may require.

These provisions are all right as far as they go. I have already pointed out that in the United States they have a permanent joint committee composed of nine senators and nine congressmen. In Great Britain the minister is directly responsible to parliament. That, of course, gives far more control than we can have under the Canadian system. But there is a further control, and a very beneficial one, provided for in the United Kingdom bill. The minister has wide powers to make orders. For example, under section 10 of the United Kingdom bill the minister may by order provide for prohibiting, except under the authority of a licence granted by the minister, the production and use of atomic energy. These are sweeping powers which he can exercise by order, but every order he makes must be laid before parliament and is subject to what is called negative resolution,—by the way a negative resolution not only by the House of Commons but by the House of Lords. Either house can bring in a resolution revoking the order which has been made by the minister. That provision is found in section 15, subsection 1. It reads as follows:

Every order made by the minister under this act, except an order made under section 7 thereof or an order varying or revoking such an order,—

Those are orders in connection with expropriating property. They are the ones which are exempt from this provision.

—shall be laid before parliament forthwith after it is made, and if either house of parliament, within a period of forty days beginning with the day on which any such order is laid before it, resolves that the order be annulled, the order shall cease to have effect, but without prejudice to anything previously done thereunder or to the making of a new order.

In reckoning any such period of forty days no account shall be taken of any time during which parliament is dissolved or prorogued or during which both houses are adjourned for more than four days.

That, of course, gives parliament drastic control. No such provision is to be found in the Canadian bill.

The fourth feature which I suggest for consideration is, should the Canadian atomic energy control board be on a full-time or a part-time basis? Should it be advisory or operative? The United States commission is a full-time body. Five men serve full time. According to the statements made by the minister during the debates of the last few days the Canadian government has not decided on this point. I shall refer hon. members to page 1905 of *Hansard* of May 27, 1946, where the minister used these words:

The atomic energy control board is primarily a policy board.

A little later on he said:

The operation of the Chalk River plant, however, would be associated with the national research council. The atomic energy commisison would determine policy in the use of the product and in disseminating knowledge of atomic energy as it affects the people as a whole. But the operation of the Chalk River plant would naturally and, I think, necessarily be under the direction of the national research council, from which it would draw practically all its scientists.

On June 3 the minister made a further statement which is found at page 2120 of *Hansard*. He was asked what power the board would have, whether it would be advisory or operative. He said:

It will depend upon the view of the board when it is appointed whether it should be an operating board or simply a policy board. The board will be closely allied with the national research council in any event, and it may be the decision will be that the national research council shall do the actual operating or it may be that the board itself will be the operating body.

On page 2123 the minister made another statement to this effect:

The decision as to whether it will, in fact, be an operative body will be left largely to the board itself. The present intention would be to clothe the board with the duty of actually operating the project.

He was there referring to the Chalk River project. I continue with the statement:

However, no decision has finally been taken, and I should not like to commit myself at this time and say that the board will be an operating body.

Hon. members will notice that in section 4, subsection 2, of the bill, provision is made for salaries, if any; there is that proviso, "if any," showing that there is some question as to whether or not the members of the board are to be on a full-time basis. Provision is made in section 6 that the board must meet at least four times a year. Then there is the fact that the president of the research council is to be a member of the board. Obviously he cannot be a full-time member because he has many other pressing duties. It seems to me that the decision whether the board is to be a full-time one or not is fundamental and should be made by the government or by the house without further delay, because it makes a great difference in the way the controls are to be set up.

There seems to be a doubt as to the relative positions of the atomic energy control board and the research council. The measures that have been brought in obviously provide for either eventuality. They constitute what one might call double barrelled legislation. Under the legislation either the board or the research council can operate. I repeat that consideration should be given to the question whether we are to have an advisory board or an operative board.

The fifth feature that I should like to bring to the attention of hon. members is that the bill may unduly hamper research. I notice that both in the United States and in the United Kingdom there was great concern lest there should an interference with research work. Apparently scientists are very much afraid that they may not be allowed full scope; they are afraid of being interfered with. The Canadian bill does give power, and I think ample power, for research work by the board itself or by its employees; but what about research by other bodies? It seems to me that the bill should be extended to make it perfectly clear that certain types of research can be carried on by other bodies. They have done that in the United Kingdom. I shall read from paragraph 6 of the explanatory memorandum which accompanies the United Kingdom bill, where we find this statement:

> . . . the minister is to ensure, so far as practicable, the availability of materials and plant for research and educational purposes and for commercial purposes not related to atomic energy.

That is set out in section 10, subsection 2 of the United Kingdom bill, in the following terms:

> The minister shall secure so far as practicable, by the issue of licences in such cases or classes of cases as he thinks fit, that such minerals, substances and plant as aforesaid are available for purposes of research and education and for commercial purposes not involving the production or use of atomic energy.

The Americans have a similar provision. In the *Congressional Digest* for May we find this statement at page 141:

> In drafting the bill, the committee has been particularly careful to refrain from inserting prohibitions or restrictions of any nature on scientific research (other than) the minimum necessary to protect national security and prevent hazards to public safety and health.

The sixth feature—and hon. members will be glad to learn that there are only two more after this—is what should be done about inventions in the field of atomic energy. The Canadian bill deals with inventions made by the staff, and I think it covers them fairly well. But what about inventions made outside? What about private inventions? Both the Americans and the British have dealt with this subject specifically in their legislation. This is a description of the American provision:

> In considering the patent implications of these provisions, the committee concluded that private patents can play no role in fields of activity reserved exclusively to the government. The bill provides that inventions and discoveries in these fields shall not be patentable matter. To assure the commission of access to new inventions and to provide inventors with financial inducements in lieu of patent rights, the bill requires that such inventions be reported to the commission and creates a patent compensation board with authority to make awards to inventors.

In the United Kingdom also they have dealt with that subject. I quote now from paragraph 8 of the explanatory memorandum:

> Special provisions regarding inventions in relation to atomic energy are contained in clause 12. The comptroller general of patents, designs and trade marks is required to prohibit or restrict the publication of information concerning an application for a patent of this nature, and to notify the minister, serving a copy of the notice on the applicant.

I believe no such provision is in the Canadian bill, nor does it contain power to carry that out.

> The minister may inspect the deposited documents; and, if he is satisfied that the invention is not of importance for purposes of defence, the ban on publication will be lifted by the comptroller general. In addition, the clause prohibits, except with the written permission of the comptroller general, the making of applications outside the United Kingdom, by a person resident therein—

That is, for a resident of England or Scotland to apply for a patent in France having to do with atomic energy.

> —for the grant of patents in respect of such inventions, unless application for a patent for the same invention has already been made in the United Kingdom, and either no ban on publication has been imposed or any such ban has been lifted.

Then it goes on:

> The powers of the minister under section 29 of the Patents and Designs Act, 1907, are extended by clause 12 so as to include power to make, use, exercise or vend an invention for purposes relating to atomic energy; and the minister may authorize the use of any drawing, model, plan or other document or information.

There is no such power in Canada, as I read the statutes. We have a Patent Act, it is true, and under section 19 of that act we find the government may use—and the word is "use"—a patented invention. The section reads:

> The government of Canada may, at any time, use any patented invention, paying to the patentee such sum as the commissioner reports to be a reasonable compensation for the use thereof, and any decision of the commissioner under this section shall be subject to appeal to the exchequer court.

The British go much further than that. The government takes not only the power to use but the power to sell any of these private inventions made outside the government service, and I think consideration should be given to the whole question of the treatment of inventions under this bill.

The seventh feature is the power given in the bill to set up crown companies. I am not going to repeat the arguments we have offered against these crown companies which are set up under part I of the Dominion Companies Act. We have no objection to their being set up by special statute, but we do object to this general power being given the national research council, and now the atomic energy control board, to set up one or any number of companies without coming to the house. There is no such provision in the United Kingdom legislation, or in the McMahon bill which has been passed by the United States senate. Just to give hon. members an illustration of how the power given under the Canadian bill might work; if the atomic energy control board is to be merely an advisory board rather than an operative board, then it will be functioning through these crown corporations; that means the real power will be in the hands of the president and officers of the crown company, just that much further removed from any parliamentary control and just that much closer to the dangerous position of allowing private individuals to take control of atomic energy.

I believe that is one danger which must be considered in connection with atomic energy; the possibility of a group of gangsters getting in a position where they control atomic energy. Perhaps some hon. members read the funnies. Judging by what I see around here when the afternoon papers come in, I guess they all do.

Mr. REID: They fill a useful place in life.

Mr. GREEN: That is right. Those of you who read Little Orphan Annie will remember that two or three years ago Daddy Warbucks was manufacturing "eonite" and what great concern there was lest it should get into the hands of someone who would use it against the best interests of the people of the world. I think there is always this danger in connection with atomic energy, that individuals rather than nations may get control and use it to subjugate their fellow men. In any event I do suggest that this power of setting up crown companies should not be included in the bill.

The final feature which I suggest should be given the most careful consideration is the question of whether or not the atomic energy control board is to be involved directly in international agreements, whether for the control of atomic energy or for any other purpose. I think the minister said the other day that the board was to be concerned only with the domestic use of atomic energy, but we find in section 9 (1) (*f*) provision giving the board power to make regulations—

—governing cooperation and the maintenance of contact, through international organizations or otherwise, with scientists in other countries or with other countries with respect to the production, use, application and control of, and research and investigations with respect to, atomic energy—

I suggest to hon. members that the time has not yet come when this board set up by the Canadian parliament should have any power to negotiate with other countries. Anything of that sort should be done by the Canadian government as a whole. They have been very careful on this point in the United States. No similar power is given to the atomic energy control commission there. In fact I find at page 141 of the *Congressional Digest* these words:

To ensure that provisions of S.1717—

That is the McMahon bill.

—do not interfere with the operation of international control machinery, when established, section 8 expressly provides that to the extent any provision of the bill, or any action of the commission under the bill, conflicts with the provisions of an international agreement hereafter approved by the senate or the congress, the provision is to be considered of no further force or effect.

There is no provision in the British bill similar to the regulation in the Canadian bill to which I referred a moment ago. Certainly the overriding documents as between states should be whatever agreements this parliament passes upon. I do not understand why the power is being given to an atomic energy control board to make regulations having to do with other countries.

Those are the eight features which we ask the house to consider. It will be obvious that they cannot be adequately considered by this house in committee of the whole, particularly in view of the lack of knowledge of the measures that have been brought in in other countries and of the whole question of atomic energy. It may be that the bill in its present form is the best bill that could be drawn; I am not in position to say, and I do not think many hon. members of the house are in position to pass on that question.

I repeat the suggestion made earlier in my remarks. After the bill has been given second reading it should be referred to a special committee of this house or to a joint com-

mittee of the senate and of this house. I repeat also the statement I made in opening, that the official opposition will be only too glad to cooperate with the government and with the other parties in the house in working out a bill that will be the best that can be enacted in the interests of the Canadian people.

Mr. E. B. McKAY (Weyburn): Mr. Speaker, the suggestion made by the hon. member for Vancouver South (Mr. Green) that after second reading this bill should be sent to a special committee of the house or a joint committee of the two houses has considerable merit. I am sure that in that way a great deal of information could be revealed to the public at large, and certainly to the members of the committee, with regard to atomic energy, information which hitherto has been denied to us.

I should like to speak briefly on the bill as it appears before the house. I feel that the introduction of this bill at this session is of major importance. I doubt if there is any subject more widely discussed by thinking people everywhere in the world than atomic energy and how it is to be controlled. The bill makes provision for the control and supervision of this new and potent force. The supervision of the development, application and use of atomic energy is of utmost importance to every man, woman and child, not only in our own country but in every other part of the world.

It is believed among scientists that atomic energy can provide the answers to many if not all of the power problems of the world within the course of a very few years. Such an important discovery as this new form of energy may prove to be a boon to mankind if it is controlled by the proper authorities; if it is not properly controlled, it may well prove a menace to all. If it is owned or controlled by private enterprise more interested in profit than in humanity's welfare, industrial chaos might well occur. That is what may happen should this powerful energy be thrown into the competitive market. One can visualize coal mines closing down and oil operators ceasing their operations, resulting in millions of people being unemployed, should atomic energy be produced cheaply enough to compete successfully in the commercial field with coal and oil.

Mr. JOHNSTON: Do you object to that?

Mr. McKAY: No, as long as there is some social security for those people. I am referring to the economic chaos that may result if there is not proper control.

[Mr. Green.]

There is every possibility of a cheap source of atomic energy being discovered. In the field of research there are tremendous prospects, of which we should take cognizance, of developing cheap sources of this new energy. Indeed these sources may have been already successfully explored. John O'Neil, writing in the Toronto *Saturday Night* on December 8, 1946, states:

> New York: More powerful sources of atomic energy are now the goal of the scientists. If they succeed, they will obtain one thousand times more energy from the new source than is obtained from uranium sources, and the latter source provides 2,500,000 times as much energy as an equal weight of coal, oil or T.N.T.
>
> Uranium, the element used to produce the atomic energy substance plutonium, is among the rarer elements, although it is as plentiful as copper in the earth's crust. The cost of plutonium produced under military control, can be estimated at $25,000 a pound, but this figure may be wrong by a very large factor.
>
> The unquestioned fact is that under any circumstances it would be many times, perhaps many thousands of times, as expensive as coal on a pound basis. It would be, nevertheless, very much cheaper than coal on an energy production basis.
>
> The new substance to which the scientists are looking as the new atomic energy source is the cheapest substance on earth . It is hydrogen, one of the two elements composing water.

Peace-time application of atomic energy properly directed and controlled may do amazing things. Doctor Julian Huxley reveals some astonishing prospects for a peace loving world bent on improving the lot of man. This great scientist paints an amazing picture of the world to be which with the proper application of the scientific knowledge obtained in a study of atomic power may be realized even in our day. Speaking recently in the United States, Professor Huxley referred to atomic energy in the following words:

> If turned to beneficent uses, it might in the future do for mankind great and amazing things.
>
> The most spectacular possibilities of the new power lie in its use in what we may call atomic dynamite. Dams could be built in a fraction of the time now required because atomic explosions would do the work of cumbersome excavating machinery. Atomic heat might dissolve the ice and snow over the north pole. If this were done the level of the sea would rise over one hundred feet and many Atlantic seaboard cities and towns would be submerged.
>
> If the polar caps were blasted the climate of northern and southern hemispheres would change. Foggy Great Britain would become as pleasant a country as Spain were it not inundated. Regions now uninhabitable for lack of fuel or capacity for growth could be made available for migration.

That is Doctor Huxley speaking. There is no question as to this man's ability to forecast. There are, however, less pleasing prospects than the one set out here. Any apparatus producing atomic energy will also produce

by-products from which poisonous gases could be made which could kill all living creatures within thousands of square miles. This is quite conceivable should control of this energy be permitted to fall into private hands.

With reference to the possible use of atomic poison gas, may I quote from an article appearing in the Ottawa *Citizen*—before the strike of course. This appeared on the 29th of May, under the dateline New York, May 28:

> One small drop of atomic poison gas, in liquid form, can endanger every person in a great industrial plant, or its equivalent.
>
> A concentration of this so-called gas could kill every person within about one kilometer (six-tenths of a mile) of a central point.
>
> In either case the killing would be done, not by the chemical reactions of true poison gases, but by the radioactive rays from atomic fission products.
>
> These are the basic facts behind the report in Washington, by W. A. Higinbothem, chairman of the Federation of Atomic Scientists, that along with germ warfare, there is another new method of war potentially as dangerous as atomic bombs.

An unscrupulous person or country might collect radioactive materials formed as a by-product in producing nuclear power and spray them over the countryside, destroying all life thereon. Unless proper control of this new form of energy, which could well be used with malicious intent is established, it could be a terrible threat to the safety of all mankind.

Atomic energy is a most awesome power. The world is still marvelling and horrified at the instantaneous destruction of Hiroshima and Nagasaki.

The presence of this potentially dangerous atomic power demands the setting up of a powerful united nations organization to control its use. It would be an almost hopeless outlook for the future of humanity should the united nations organization be incapable of controlling the application of nuclear energy to other than peaceful pursuits.

Without effective control all of us will live in constant fear of sudden and violent death and apprehension will be our lot and that of our children.

I believe, Mr. Speaker, that a method must be devised by the security council of the united nations organization to police the laboratories and industries of every nation utilizing atomic energy if satisfactory control of its production is to be effected.

It is my earnest hope, and the hope, I believe, of all humanity, that fear of this new energy may hasten the establishment of a democratic and powerful world government. No other organization can make mankind secure. An awful and immediate challenge confronts every nation of the world. Man faces the prospect of world destruction or the alternative of uniting all peoples with the common urge of self-preservation.

In the modern atomic world it is essential that we learn the cooperative way of working and living together. Only that society can survive the members of which are prepared to work together in a spirit of cooperation, each man for his neighbour, each nation for the other. We shall either live together, Mr. Speaker, with a common objective, or we shall not live, that is a true statement of fact.

We are dealing with a subject which can well determine the destinies of the world. I am sure the Minister of Reconstruction and Supply is cognizant of this fact and will act accordingly. I feel that we all have a grave responsibility in connection with the future development and control of atomic power. To do other than place it under the control of parliament is inviting trouble. Not only would our economic stability be endangered under private control, but the security of the world would be gravely menaced. The world is looking to Canada for cooperation in establishing a new world order. Let us not be a party to disturbing that trend toward a peaceful and happy world that so many young men laid down their lives to achieve.

Mr. E. G. HANSELL (Macleod): Mr. Speaker, in rising to speak on this measure for the control of atomic energy, this will be one occasion for my handing a little compliment to the government in that it has pursued this particular course, although at the same time I do not know that I agree with all the details of the measure.

I wish to congratulate the hon. member for Vancouver South (Mr. Green) on giving to us what I believe to be a very sensible treatise on this subject. I liked his idea of watch-dog committees. I would support that idea and carry it further and suggest that annually joint parliamentary committees should be set up for the purpose of doing just what the hon. member signified by that term watch-dog. Such committees in order to accomplish their work effectively must have complete access to all pertinent information. Let me illustrate what I mean by reminding the house that during the war, Canadian scientists, under the supervision or direction of the minister of munitions and supply, contributed greatly toward what is known as the discovery of the atomic bomb; and although that work was

under the minister of munitions and supply this parliament and the people of Canada knew nothing whatsoever about what was happening until the news flashed out of the operations over Hiroshima. I point that out, not because it would have been wise for us to know, but to indicate how inadequately even in this democratic country we were able to scrutinize all the expenditures of government in wartime.

I do not know how much money was spent in that respect, but I do know that during the war, when we were discussing estimates of the departments of defence and of munitions and supply, the discussion went on week in and week out and the parliamentary session was drawn out into months and months. We were talking about the tiniest things: about soldiers' underwear, whether they should be given new underwear or whether the old might be patched and still used. We attempted to show our wisdom by scrutinizing the exepnditure of every dollar, yet we missed the money which was spent on Canada's share in the discovery of the atomic bomb. So I say that all information in respect to atomic energy for peace-time purposes should be available to such watch-dog committees.

I have risen in this house on many occasions as a supporter of the principle of private enterprise. I believe in it. I do not, however, believe in private monopoly, and I go so far as to say that in such a matter as the use of peace-time atomic energy we cannot permit that monopoly to go into private hands. I have here a paper to which I subscribe and from which I might quote a few lines to illustrate and reinforce this particular point. The writer, referring to the time when atomic energy will be available to the public for the uses of peace, states:

> When it is done, and it may be soon, the corporation—

Referring to any private corporation.

> —doing it will have a monopoly over a new source of power which will give to that corporation as much economic power as though the TVA, Grand Coulee, Bonneville and Hoover dams, wtih all their electric generating equipment, plus all privately-owned electric light and power plants and transmission lines in the country, plus all the railroads were dominated by a single monopolistic combine.

That simply means that one private enterprise having all the patent rights and so forth could control the economic destinies of the nation, and that is why I agree that in a case of this kind a measure at least similar to the one we are discussing should be favourably considered. I would not for a moment advocate, nor, I believe, would the most ardent supporter of private enterprise, the private ownership of war planes, tanks, artillery and battleships. We all know that private ownership of such things would give to private persons power over the lives and livelihood and destinies of our people, and I do not think we could regard that as any more dangerous than to put in the hands of the private corporation such power over the life of the country as would be attained through the control of atomic energy. I go that far.

But now there are one or two other things which I wish to say. I think we can go that far and yet retain within our Canadian life a degree of private enterprise in respect to these matters. What I have in mind is that while the government should be in possession of all patent rights in respect to atomic energy for peace-time purposes, they should not go so far as themselves to set up a great state monopoly for manufacturing all articles producible by the use of that atomic energy. I believe they could very well be the licensing authority, having possession of the patent rights, but giving to private individuals the right to use atomic energy for such manufacturing enterprises as they might choose to enter upon.

I wish to bring one other point to the attention of the house. It came to our notice when the hon. member for Bow River (Mr. Johnston) interrupted a while ago the hon. member for Weyburn (Mr. McKay). We must have some method of giving economic security to the people of Canada when atomic energy finds its real place in the life of our nation. I am particularly concerned about this matter because, as I think is recognized by us all, we must consider the possibility of finding ourselves living in a new world, a world of atomic energy which will, perhaps, disrupt our entire present economy. For instance, in my constituency there is a very large coal mining industry. What is going to happen to the coal miners of Macleod constituency or the thousands of coal miners all over Canada if atomic energy in peace-time is put to its greatest use? There are two arguments one can use. One can say: Well, we cannot let Canada have the use of this atomic energy if it is going to put these men out of work. Is that a satisfactory answer? Would anyone rise in this chamber and say, "Of course, that is what we shall have to do"? If he did, he would be the enemy of the progress of civilization. Just the same, have the government, parallel with this measure, any ideas as to how to take care of that situation? If they have not, then I think some discussion should be had in that regard, and some statement should

be forthcoming from the government. Our railroads may be affected in the same way. It is quite obvious to anyone who will face the facts that the day of full employment is gone. Let us recognize that. And yet just a year ago to-day this government was elected to office on at least one great promise, that it was going to put everybody to work—jobs for all.

Mr. JOHNSTON: That is why the flag is at half mast to-day.

Mr. HANSELL: I am glad to receive a little applause from my own party here, but it does not come from any place else in the house.

Mr. JOHNSTON: Because they are all guilty.

Mr. HANSELL: It is because every party except this one went out with the same idea—jobs for all, and now the atomic energy age is on our doorstep and knocks that argument, that plea, that promise, into a cocked hat. I repeat, the day of full employment is gone; the plea of jobs for all is antiquated and can never be used again—until the next election, as an hon. member says. Perhaps the atomic age will not be in the door far enough by that time.

Let me ask the government this question: What measures are they now taking—because this is certainly a grave national issue in the light of this bill—what measures are they taking to care for a situation of that kind? We must have some method, some plan of giving incomes to our citizens from some source other than the old source of jobs for all. To those who believe in the full employment theory, I say that if the government is still of that opinion, if any other party in this country still believes in the old philosophy of full employment, then neither that government nor any party in office would dare to release the discovereies of atomic energy, in all its fulness, for peace-time purposes. They dare not do it. What have they to say as to what they are prepared to do when the atomic age dawns upon us?—and that may be soon.

This bill is not the first step that has been taken in the world in connection with the use of atomic energy. We all know that the large electrical corporations of the United States have spent millions upon millions of dollars upon the very thing that this bill proposes to do, and those corporations are not going to be retarded in their progress. But there is another matter that is commensurate with this. This atomic age brings about what some people would call the problem of unemployment—though I do not call it a problem, because I think it is one of the greatest blessings of the day that men can have a little time to themselves. But with the dawn of this new day, what is going to happen to the millions of dollars that are invested in these industries? I might refer again to the coal mining industry. Millions of dollars are invested in that industry in this country. What will happen to that investment? Are we simply going to say, "Oh well, those corporations, those companies, those people, all those shareholders will simply be broke, that is all." We have to be fair all round. The government in office must be far-seeing in this matter and should be willing to bring down to the house legislation which will parallel this bill for the control and development of atomic energy, which will care for the security of our people who are going to be affected by it; and they should at the same time provide some compensation for the financial loss that may be incurred by the many shareholders—and remember there are a good many small shareholders in many of these industries.

This measure is more far-reaching than simply a bill of the kind I have suggested. This bill, if commensurate bills are not introduced along with it, will affect the entire economy of the country. Now are we going to move on to the great and glorious civilization we could have, or are we going to monkey around with things in this rapidly expanding scientific age where we meet one problem after another, only to find ourselves after all only in a morass?

I think the problem can be solved, and Canada with all her natural resources, all her wealth in the form of uranium and what have you, with all her scientific knowledge, should be able to solve it. I am simply overwhelmed, Mr. Speaker, when I think what a wonderful country we have. I take a trip out west over hundreds of miles of wheat lands; I go into the mountains and see gorgeous scenery, vast areas of timberlands, and I say to myself, "This transcends all". Then I come down here and visit the southern part of Ontario and I see the most beautiful country—more beautiful than anything I have ever seen in my life: dairy lands with fat cattle grazing everywhere, so that the voice of scripture comes across to me, "The cattle upon a thousand hills are mine". I said to the train conductor: "What a country we have! What a country Canada is!" It is a country all the advantages of which are worth making available to the people; and what a glorious civilization we could have here. That is my plea. Let us tackle the problem. Let us not tackle it in any picayune way. Let us look upon it as a problem of civilization; let us build up here a civilization which will be

a glorious example to the rest of the world. If we do that, we shall not have very much trouble with opposing philosophies of life.

Mr. T. L. CHURCH (Broadview): I wish to compliment the minister on his address of June 3. There should be no politics in an important scientific discovery or in any statement that is made in relation to it. I wish to speak solely from the scientific point of view. I believe it is the privilege, function and duty of a member of parliament to take an unbiased view of a matter like this which concerns the welfare of the country as a whole, and civilization at large. In his statement of the case the minister told us where Canada stood before the war, during the war and since the close of the war. He said that Canada was linked up with the mother country and the United States. He referred to the recent developments in the field of atomic energy and said that they:

> Placed Canada in a unique position among the nations of the world, in that Canada is an important source of raw material and, as well, shares with the United States the position of having a plant able to produce the final product from which atomic energy can be released. For that reason it is essential that legislative action be taken by parliament to control both the production of atomic energy and the materials from which this energy is derived.

He referred to the part Canada played in the development of the atomic bomb and the Eldorado mine on Great Bear lake. He also said that it is the second most important deposit of uranium oxide that has been discovered to date. He referred to the expropriation of the mine near Great Bear lake in the northwest territories, together with its refinery located at Port Hope, Ontario. He then said:

> Activities in the field of atomic energy have been carried on in close association with the United Kingdom and the United States. In 1942 the Montreal laboratory was established.

He also gave a fair statement of what took place in the pre-war years regarding the work in the United Kingdom and the contribution of the joint British-Canadian laboratory at work in Montreal. He then said:

> Prior to the war, Eldorado mine and its refinery at Port Hope had been concerned primarily with the production of radium, with uranium as a less important by-product.

He then went on to describe the plant at Chalk River which was set up for the purpose of exploring one particular process for producing the ultimate material. Then in three or four small sentences he went on and referred to the three-nation declaration on atomic energy, signed at Washington on November 15, 1945, and which he said was approved in this house on December 17, 1945. He then went on to say:

> Much has been said and written about the form of international control that should be initiated. The government is giving earnest study to this immensely complex problem.

Further on, he said:

> Until such time as the united nations atomic energy commission has made its recommendations, and has translated these recommendations into action, it remains the responsibility of Canada, as well as that of the United States and the United Kingdom, to establish and maintain conditions under which these recommendations can be made fully effective. Canada and all other nations possessing raw materials, or productive apparatus, or special knowledge with respect to atomic energy, have a very special responsibility to establish and maintain conditions which will ensure the effective carrying out of any recommendations that may be made by the commission to provide for international control of atomic energy.
>
> In the United Kingdom, first reading has already been given to an atomic energy bill which will empower the United Kingdom government to establish control over the production or use of atomic energy. In the United States the McMahon bill has been drafted.

In conclusion, the minister said:

> To build up a Canadian source of raw materials the government will carry out its own prospecting and development programme, and will encourage private prospecting, even though all the materials related to the production and use of atomic energy are to be under government control at all stages.
>
> Thus the bill will provide means for continuing the important deevlopments that have placed Canada in the forefront of war-time developments in the field of atomic energy. The bill will provide also an appropriate legislative basis for the domestic control of this highly dangerous substance.

I think that was a fair statement of the case. I refer to it because I wish to give the government some constructive suggestions relating to the history of warfare. From the time of the dark ages it has always been the surprise discovery that has won the battle. That was true of the days of Hannibal down to the great war. It has always been the destructive agencies sprung by surprise in war that have won wars. He who discovers the most surprising weapon wins the war. If it had been possible for one invention automatically to destroy the defensive possibilities of the up-to-date war nation the world would have been destroyed years and years ago, since the dark ages. We would have had the destruction of the world by the very same agency that we are discussing to-day, science. But warfare progresses. The initiation of defensive weapons from the time of the Greeks on has overcome offensive weapons. That has been true of the Greeks, the

Carthaginians and on down to the two great wars. A great text-book writer and scientist—*Isvestia,* August 17, 1945—gave the constructive history of warfare. He said:

> The war was brought to an end not by sensational miracles but by the powerful joint efforts of all the allies. . . . it is ludicrous to believe that the atomic bomb can eliminate ground fighting . . . the sensation of the atomic bomb has blinded some people. . . . They seem to regard science as some wizard's incantation.

According to "Watchman", an English scientist, in the *National Review*:

> There is no doubt that a great deal of sensational public opinion has been worked up.

Again and again some sensational war-happening has shocked and stupefied public opinion. But no one weapon can really revolutionize war; the answer to it is soon found, and in the general balance between attack and defence it will always, all other things being equal, be superior resources which in the long run will dominate and beat down the attack, whatever the means by which it is conducted. That defence will soon be found in any up-to-date nation that has an active defence policy. That was so in the recent war. The atomic bomb was a great discovery and may mark the first stage of a social evolution in economic affairs. But the entry of Russia into the war had rendered the Japanese military position helpless and hopeless. The possession of Manchuria was vital to the Japanese war economy; it was impossible to hold Manchuria against the flood of vastly superior Russian armies; the use of the atomic bomb accelerated at most by a couple of weeks or so a surrender which would have been inevitable. But had it been the Japanese who had led the way with this particular weapon, the effects would scarcely have been of greater military importance than the German use of flying bombs and rockets in 1944, when it was thought we were going to win the war in the spring of 1944. There would have been but few such bombs available; to have used them the Japanese must have dropped them from aircraft. Attempts to bomb vital Anglo-American bases would have come up against a crushing Anglo-American superiority in fighting aircraft, plus radar, and other means. Manchuria is a land of immense spaces, an atomic bomb dropped here or there would have been of no particular importance. The Russian armies would have continued to flood Manchuria; the Anglo-Americans would have continued to push forward their own plans for invasion; the use of atomic bombs by the Japanese would have been a temporary shock but would scarcely have affected the issue or its outcome.

The very fact that every new means of attack evolves from older means connotes that the older means of defence can be swiftly improved and expanded to meet the new danger. That has been so in every war in history. Whether the new means of defence become available in time depends upon the strength and vigour of the social organism attacked. Once you consider the vast distances of the United States or Russia, the wide distribution of their social and industrial centres, the magnitude of their resources and so on, the assumption that either state could be knocked out by any sudden atomic bomb attack becomes merely absurd. After making all allowances for developments with the atomic bomb likely in the near future, such bombing would certainly be no more effective than the high explosive bombing of Germany, and the probabilities are that it would be far less effective.

The atomic bomb is merely an extension of the power of the high explosive bomb and the rocket bomb developed in the spring of 1945 by Germany. Views as to its war-preventing or war-shortening or war-cheapening qualities are likely to be just as fallacious as views expressed on the older weapon. The gain with the atomic bomb is that you get from an explosive weighing only eight pounds a destructive effect exceeding that of many tons of high explosives. As against this, however, must be set the cost of producing the eight-pound atomic bomb, which greatly exceeds the equivalent destructive power to be gained by the use of high explosives. Even with the great resources of the United States, just before Japan collapsed the United States was forced to establish factories and workshops on islands very close to Japan in order to place fuses on their new weapons. With their great resources the Americans could spend millions, which no other country could have spent, in the development of this new weapon; but Germany lost the war, as military critics point out, because at the expense of her armies and her air force she went to work and developed the high explosive and rocket bombs beyond the limits of her natural resources. As a result, while Germany had air forces superior to those of the allies on the western front for a time, even when that situation was reversed we had to depend upon our land armies to win the war. On the eastern front Russia had vast armies but an inferior air force; yet in spite of this situation Russia swept all before her.

The Kilgore subcommittee in the United States proved this to be true in an important report to congress and the senate in connection with the allied bombing of Germany.

When it was all over, Germany still had four million tons of machine tools capable of producing immense quantities of armaments; with minor repairs the iron and steel industry was capable of producing twenty-five million tons yearly, while the dye and chemical industry was virtually untouched. The general damage done to German war output was estimated at only twenty per cent. Bombing on a scale fantastically exceeding the wildest pre-war fantasies of Mr. H. G. Wells and other enthusiasts failed to produce anything like the social chaos predicted. Germany survived this bombing successfully enough but succumbed finally to the impact of allied armies. Lacking overwhelming air support the Russian armies won victories no less important than those of the Anglo-American armies, which had overwhelming air support. World war II lasted six years, as compared with four and a half years for world war I. It cost two or three times as much money; yet the 1935 air experts thought air power, even if it failed to prevent wars altogether, would exercise such destructive power that the side inferior in air power would be reduced to chaos in a few days or weeks.

As I have said already, the atomic bomb is just an extension of the high explosive and rocket bombs; and any cheapening of production which will bring atomic energy into civil use is extremely doubtful. Next to the atomic bomb, dynamite and high explosives are the most destructive agents known to man, but we do not use dynamite or high explosives for driving machines. The cost of producing these destructive agents is far too great, and there is also the difficulty of controlling them. According to scientific writers, it will be a long time before atomic energy becomes harnessed to production in the fashion popularily predicted. One such writer, who signs himself "Watchman" says, in the *National Review*:

> Should this occur, a large proportion of man's energies are going to be directed underground. Tunnelling, the sinking of deep shafts, will be greatly speeded and civilization will become honeycombed with vast subterranean workings. When this time comes, any real menace to mankind from atomic energy will die of itself, the rival processes of atomic bombing or rocketing can go on indefinitely, inflicting on both sides loss and destruction, and leaving neither side one step further to decisive victory. To achieve a decision, one side or other must push forward with an army, the advance of which will be covered either by superior bombing or by other means. After all the confident predictions as to wars won by bombing to the exclusion of fleets and armies, we were forced, in the present war, to fall back upon the old-fashioned process of landing armies which fought decisive battles and won them. The wars of the future are likely to be won by similar means.

[Mr. Church.]

In conclusion, I should like to say that a learned and great writer, philosopher and scientist, the late W. MacNeil Dixon, justifies the stand taken by the minister and the government. This scientist delivered the Gifford lectures at the university of Glasgow, and spoke on science in peace and war alike, as the minister did in his remarks on June 3. Mr. Dixon gave a history of what it was hoped would be achieved by atomic energy for the good of mankind, and went on to say:

> And science? However you regard her attitude and aims, deplore her emphasis upon the body rather than the soul, you cannot deny the benefits she has conferred upon humanity. True it is that worldliness has under her regime superseded other-worldliness. Yet so impressive, so far-reaching are her achievements as not merely to silence all criticism but to arouse a noble enthusiasm, and enlist in the cause of humanity legions of recruits, missionaries of her gospel.

He goes on to refer, as the minister did, to modern medicine, which he calls the child of science, and says:

> Plagues and pestilences have been stayed, a multitude of diseases—diphtheria, rabies, smallpox, typhus, yellow fever, Maltese fever, to name only a few—almost exterminated. Great scourge-ridden tracts of the earth's surface rendered habitable, food values understood, vaccines and anti-toxins discovered, antiseptic surgery so established as to open up new fields of remedial agency, ailments of the mind as well as of the body controlled and relieved. This is a record, indeed, to which no previous age in history can produce a parallel. Within a century the expectation of life in all civilized countries has been amazingly increased.

Then he gives the figures for various countries. In conclusion, he states:

> A static world it is not, never was and never will be. There have been revolutions in the past, there will be revolutions hereafter, in the world of thought as in the world of events. We must expect the sudden and unpredictable. You may desire a stabilized system, an international agreement to keep things much as they are in respect of national boundaries, material advantages in wealth, coal, oil, trade facilities. It will not be given you. For all your entreaties the world will not cease to revolve. Nature is no friend of stagnation.

The minister said practically the same thing.

> Climates change, economic conditions change, birth rates rise and fall, labour is cheap here and dear there, a new invention, a new commodity is in demand, and cities spring up to meet it. Factories are built, populous districts are deserted. The seats of ancient empires are lost in the desert or in the jungle.

I would not go as far as to predict that the minister or any of us will live long enough to see this new energy developed in peace for the good of mankind, as the minister and the scientists hope it will be developed, but I believe the government will have the unani-

mous support of all hon. members, free from politics in the development of science along the lines that have been suggested.

I think if the bill were referred to a small committee of the house, as the hon. member for Vancouver South (Mr. Green) has suggested, that committee could meet privately or publicly as it liked and get the required information. I believe that procedure would meet with unanimous agreement on the part of all sections of the house.

In warfare I do not think this new atomic bomb would last a very long time without a defence, because any civilized nation would soon provide the answer. In addition, the cost would be prohibitive along the lines that I mentioned relating to Japan. I hope the minister will have every success in his work, and the government is to be commended for trying to advance the scientific standards and encourage the future progress of human life.

Mr. R. H. WINTERS (Queens-Lunenburg): Mr. Speaker, I should like to say a very few words about this matter of atomic energy and the control thereof. In the light of recent publicity it seems to be the general opinion that atomic energy is an easy thing to realize and that the greatest problem is how to control it. As I understand it, actually it is one of the most difficult things in the world to split the atom and to release the energy inherent in it.

The splitting of the atom is not a new feat. That phase did not come into effect only at the time of the bombing of Hiroshima and Nagasaki. Scientists have been working on it for years. This development has been carried on by colleges and private undertakings for some considerable time. Recently the approach has been somewhat different by virtue of the fact that certain radioactive materials were discovered. Years ago the method adopted to split the atom was virtually brute force. Generators were set up to develop as much as ten million volts of static electricity and they were used to bombard certain molecules and atoms with such great force that the electrons could be knocked from them, thereby achieving the splitting of the atom. As I say, it is not a new thing.

I point this out simply to show that, although the government has come into the picture and has exerted a great amount of control for the benefit of mankind and for the winning of the war, in time private research would have arrived at the same point. The atom was being split and great progress was being made in the simplification of the process. Therefore I think we must regard the control of the atom not as a "shut-out" proposition but simply as a means of guiding the energy we now have, along proper channels, and seeing that the use of it, for the time being, does not fall into the wrong hands.

I am sure we all realize that in this respect Canada has no monopoly on scientific brains. It is true that Great Britain, the United States and Canada enjoyed a head start and went farther than anybody else, but the fact remains that private research was making good progress before the government came into the picture. That leaves one with the clear impression that any other nation could start now and in due course could catch up to where we are at present. Therefore we must realize that we cannot shut out the other nations, and probably we cannot shut out private research in our own country. What we must achieve is the best possible coordination; the best possible cooperation and have the greatest possible freedom from suspicion between nations and between individuals in connection with the manner in which this energy is to be used.

Down through the pages of history we find evidence of many problems of scientific control. For example, electricity opened up fields that had been unheard of before. There is enough electricity being directed around the streets of Ottawa to-day to wreak untold destruction if it were not controlled. The first public demonstration of atomic energy was one of destruction and it left us all pretty well awestricken. We think of atomic energy as being an energy of destruction, whereas the fact is that an energy which can be used for destruction can be used also for constructive purposes. This energy will undoubtedly be used to benefit mankind; to relieve many of the hardships that we now suffer. For the present time we are primarily concerned here with the matter of control and this bill is the best vehicle for asserting the essential control. I think it is an excellent thing; it is all to the good, as hon. members have said.

I should like to refer for a moment to the remarks of the hon. member for Macleod (Mr. Hansell). The hon. member was worried about atomic energy possibly causing a great deal of unemployment. That would appear to be a short-term outlook. All down through the centuries we find many cases where new developments caused people to fear that they would be thrown out of work. That was true, for example, of steam, of internal combustion and it was certainly true of electricity. It was true also of radio. I well remember when radio first came into prominence there was a great cry from musicians and manufacturers of phonographs that they would become unem-

ployed. But the economists pointed out that with the advent of radio people would become conscious of music and would demand phonographs in ever-increasing quantities because they would become familiar with music through the use of the radio and would want to hear over and over again that which they were able just to catch in snatches on the radio. Many people thought that this view was entirely wrong; that if people could just turn a dial and get music when they wanted it from all over the world, they would not buy phonographs. But that has not been the case; the demand for phonographs has increased ever since radio was developed. The discovery of radio has resulted in a demand such as never existed before for music and art of all kinds.

When electricity was developed it was thought that people would be put out of work, but the fact is that it has widened our horizons beyond anything that was ever expected. Every day articles such as clocks and household appliances are now powered by electricity and are manufactured in far greater quantities than ever before. This progress has created a demand for labour which was not thought possible years ago. I feel quite confident that the same will prove to be the case with atomic energy.

The hon. member for Macleod referred particularly to coal and said that the coal industry might be upset and coal miners put out of work. Certainly there is that possibility. We know that coal is an important source of energy through the development of heat, but we know also that the heat from coal is derived and utilized on a most inefficient basis. Coal is used, in many instances, to generate steam which in turn may be used to generate electricity; but, as I recall, in most power plants the efficiency is not more than thirty per cent, and certainly not more than forty per cent. It may be, now that we can look more closely into the atom and study the nuclear side of the physics of coal, that we shall find a means of releasing more energy from this source. I do not know whether that is as yet the case in fact, nor have I any inside information, but I would say to the hon. member for Macleod that he should not be too pessimistic in thinking that coal is finished as a means of energy.

If our scientific brains are concentrated on the development of atomic energy we are bound to progress. I do not think we can backslide. With the direction scientists are getting; with the attention that is being focused on this problem, I believe these efforts will be used for the welfare of mankind. Certainly the atom is a source of energy that is far beyond anything we have ever dreamed of. The number of people in the world who are able to come even close to realizing the enormous amount of energy in the atom is exceedingly small indeed. With this source of energy now available to us, we have seen something of what it can do destructively. If we can turn the tables, control this energy, guide it and use it constructively, then I would say we have really something to look forward to.

In concluding these short remarks, Mr. Speaker, I should like to dispel as far as possible any gloom the hon. member for Macleod has regarding the danger that we are likely to create a world of unemployment by progressing in the scientific field. I think that is the wrong deduction. It has been proven to be wrong all down through the ages. So that, in conclusion, I would simply say to him, "be of good cheer."

Mr. G. RUSSELL BOUCHER (Carleton): Mr. Speaker, as members who have already spoken have said unanimously—it is difficult for any member of the house to foresee the great consequences which the release of atomic energy may have upon the world. I wonder if it is not like other great inventions, which first were used as a weapon of destruction. I think we are not a little inclined to focus our attention too much upon the destructive aspect of this great discovery. Truly we in Canada are in a particularly favoured position not only by having contributed to the production of the atomic bomb but in having seen its use bring a quick termination to the war. Now that the war is over for the time being, in looking upon this great source of energy I think we should, so far as we can, look upon it as a blessing to mankind rather than as a death-dealing weapon. All new inventions when first discovered, have brought apprehensions into the minds of many people. Fear is a very common result of invention. Fear probably deters to a great extent the practical use of inventions.

In discussing atomic energy this afternoon, I think we must all feel that the minister who introduced this bill has gone a considerable way. I do not think there are any who will criticize the best endeavours he has made. I believe that everyone of us is sincere in urging that the best possible be done under the circumstances.

Atomic energy may be viewed in two aspects, one the international and the other the domestic. So far as its international use is concerned, we fear that a potential enemy may learn our secret. I do not think history will vindicate anybody in the belief that any great invention can be permanently retained

and restrained from the use of mankind in general. It is a matter, as I see it, of controlling the use of atomic energy internationally only so far as is practicable to delay its use until its domestic uses have been properly developed. Looking at it internationally, we must realize that it is only for a short time that we can keep our secret locked up in our own hearts.

I prefer to look upon atomic energy from the point of view of its domestic use. I believe that atomic energy will be a great blessing in peace time and that, like so many other discoveries, it will completely revolutionize our peace-time mode of living. Atomic energy by virtue of its great potency may be a great deterrent to war because, when all nations have the secret, any and all nations must fear the use of the death-dealing atomic bomb as a menace even to the aggressor. I think we should take that into our primary consideration.

Atomic energy must be kept under rigid surveillance. If I were to use the word "control", I might be misunderstood, for I do not think science is capable of being controlled beyond a limited extent by other than scientists. That being the case, I would urge the members of the house to look upon atomic energy as something that we want developed for peace-time use to the greatest possible extent. Having focused our attention in this parliament on atomic energy really for the first time, we should deliberate carefully before we put on the statute book any enactment dealing with atomic energy. For that reason I am heartily in approval of the suggestion made by the hon. member for Vancouver South (Mr. Green) that before this bill is passed parliament should take every possible means of getting the very best possible measure. I think his suggestion was a good one of setting up a joint committee of the House of Commons and the Senate before which scientists, technical experts, businessmen and administrators could be called, so that from a coordination of the viewpoints of the best we have in Canada a measure might be framed that would best serve our purpose. True, any measure we may pass to-day may have to be amended many times before it is perfect, but let us get the firmest possible foundation at the very earliest stage in dealing with atomic energy.

The hon. member for Vancouver South also mentioned the necessity for vigilance in the use of atomic energy and proposed the setting up of what he called watch-dog committees but which I prefer to call vigilance committees. In the last few days we have all heard a great deal about and have lent our voice to a great expansion of national research. But we must remember that there are people in private life who also contribute greatly to research and invention, and therefore in studying this measure we must take into consideration not only the activities of the research council and the experts employed by the government but also private enterprise and individual scientists or inventors who may also be able to contribute a great deal. History has shown that private scientists have, often by accident, discovered great potentialities of further developments. Therefore I say that it is of no use for us to consider the control of atomic energy nationally unless we are vigilant with regard to the developments of its use internationally. We must realize that in addition to the paid civil servants, scientists and agents employed by this government, private individuals will also be exploring into this as yet largely unknown field.

I should like to draw to the attention of the house a number of matters which I consider important in our approach to passing legislation of this kind. In the first place, the war has shown us that great secrecy must often be preserved. But the war has also shown us the difficulty of restraining secret discoveries from the general use of mankind and the danger of the secret getting out to those who might use it to our detriment. Consequently we must regard secrecy in the light of a danger as well as a protection, because if secrecy retains the use of atomic energy in the control of the few, they can make it more dangerous than if it is in the hands of the many, for the few may impede the development of further uses of this power, and one's imagination at present is hardly equal to realizing to what uses it may be put which would be detrimental to mankind. We must look with a vigilant eye upon developments eleswhere than in our own country. Canada is fortunate in containing the second richest deposits of the fundamental substances required for atomic energy, but it is doubtful whether some or all other countries will not be able to prepare the same product from like or similar materials.

As regards control, the reason the three great nations in possession of this secret, namely Britain, United States and Canada, have not shared it with Russia holus-bolus is not that they selfishly desire to use it for their own ends, but that they want to keep somebody else from using it to our detriment. The joint committee that met in Washington agreed that as soon as practically possible, full knowledge of atomic energy should be

extended to our allies. By the same yardstick, it must be spread out to scientists and to the public for maximum peace-time use. I am a firm believer that the development of atomic energy, like the radio, the telephone and electricity, will arouse the imagination of our youth, our scientists, our merchants and our industrialists, all of whom in their own way will probably undertake some forms of research. These movements should be sponsored. I am glad that the bill to some extent, though I believe insufficiently, sponsors that development.

If one looks upon atomic energy from the viewpoint of the history of inventions of bygone days, one recalls that there was much fear of the printing press and its effects upon mankind; likewise hindrances arose to the development of applied electricity, the telephone and, above all, the radio; but, despite fears and predictions of possible trouble, the extension and the use of inventions increased rapidly. It is said that the theory of gravitation was discovered by someone who, sitting under a tree, was struck by a falling apple. So, great new uses of atomic energy may be discovered accidentally. Therefore we should be concerned to see that as much atomic knowledge as possible should be made public. While certain developments no doubt should remain secret and be kept under control, I believe that governmental responsibility is such that a member of the cabinet, responsible to parliament, should be included in the atomic committee so that he can bring to parliament all information which can possibly be disclosed, for dissemination by members of the house in our various ridings. So I urge that, in setting up the committee, not only the president of the national research council be an ex-officio member, but so also should a member of the government.

I agree with the hon. member for Vancouver South that this legislation should not be rushed, but that a special committee should be appointed and given full power to call for papers and documents, to examine experts, and to decide whether a better bill than the one before us can be produced. The best possible methods of controlling atomic energy are none too good for us in this day and age. I do not think we are going to gain anything by rushing the matter through. There are some sections of the bill which the hon. member for Vancouver South has mentioned which may prove to be either helpful or detrimental, but personally I am not convinced that the bill in its present form is the best that can be adopted. In an attempt to guard the secret, we may be merely impeding progress, and I think more attention should be given to that consideration. The prime concern of members of this parliament should be the extension of the peace-time use of this great force in all possible directions, for power, for light, for medical and medicinal purposes. There are indeed so many potentialities that we should be careful in drafting legislation that the horse we run with is not a horse which will hinder us in the race.

Mr. STANLEY KNOWLES (Winnipeg North Centre): Mr. Speaker, the minister and the government are receiving from all sides of the house congratulations upon the presentation of this bill for the control of atomic energy. I want to join in those congratulations, although I feel that some member of the government might well reply that they have done only what they ought to have done and that therefore congratulations are hardly necessary. As a matter of fact I can hardly conceive in this day and age of any government of a democracy not realizing that they should take steps exactly along the lines of those proposed in the bill before us.

As I see it, the matter is a very simple one. Almost all of those who have spoken in the course of this debate have referred to the two aspects of atomic energy. On the one hand, it has terrifying possibilities with respect to war. On the other hand, it holds tremendous potentialities for us in the domestic field. On both counts I suggest that the government is absolutely right in bringing down a measure providing for public control of this new power.

I say that with a view of what has happened in past history. In the matter of armaments I think we are all aware of the terrible part that has been played in human history by private manufacture. That has been true with armaments of a much lesser force than that of atomic energy, and I suggest that all our experience adds up to the fact that this tremendous power, so far as war is concerned, must be under public control. I think we are all aware that control must not stop with national control; it must become truly international; but in order to move in that direction, we must make within our own country the beginning which is foreshadowed by the bill now before us.

On the other hand, in domestic matters, as the leader of this group (Mr. Coldwell) pointed out when he spoke at the resolution stage, history gives us a sorry picture of new sources of power getting into private hands with the result that their advantages are not made available to the people as a whole

but rather are misused, thus bringing misery to thousands and indeed millions of people. That having been the case with sources of power much less in extent than that which has now been disvovered, it seems to me to be of the utmost importance that as we launch upon the atomic age we see to it that this power remain in public hands.

I consider it highly significant that from all sides of the house, although in many debates we divide along party lines, in this debate there has been general approval of the bill now before us. I make that statement because I wish to refer in passing to something that was said by the hon. member for Vancouver South (Mr. Green); and in replying to something he has had to say, I wish to be perfectly fair and to recognize that he did give support, both on his own behalf and on behalf of his party, to the principle of the bill. I felt, however, that in his remarks there was a certain fear about the bill, because to him it seemed to give to the government or to an agency of the government far-reaching and sweeping powers. In fact, I believe he used words something like these, that in this bill were contained the most far-reaching and sweeping powers ever given to any body of any kind.

I think that is true as far as Canadian history is concerned. Certainly it is true that any person or body or group of people exercising control over atomic energy will have just about the greatest power that any individual or any group ever had. But it is precisely because control over atomic energy is such a tremendous power that I do not want to see it get into private hands. It is for that reason that I support the principle of the bill before us, namely, that atomic energy should without question be brought under public control.

Mr. GREEN: I did not question that.

Mr. KNOWLES: I recognize that. But in all kindliness may I say—I do not mean that I am not prepared to fight with my hon. friends to the right, but in this debate we are pretty well agreed as to the general principle—hence the manner in which I am dealing with this point. This issue seems to come up so often—the fear of some of my hon. friends, particularly to the right, of delegating great powers to the government or to agencies of the government—and every time I hear that fear expressed it reminds me of my own greater fear and my own dislike of powers being entrusted to private individuals and corporations especially in view of the results of that policy in the past. So I suggest to the hon. member for Vancouver South and those associated with him that they think this question through a little farther and realize that there is not a great deal to fear in the course that is being followed. It is far more democratic than leaving great powers in private hands.

I am sure my hon. friend will agree that it is a good day for civilization that something of this importance is to be protected from private exploitation and definitely put under the control of the people of the country and eventually under the control of the people of the world.

Mr. GREEN: I was not advocating private exploitation.

Mr. KNOWLES: I quite agree that my hon. friend was not advocating private exploitation. I have given him full credit for supporting the principle of the bill, but I am trying to assuage the fear he expressed about delegating such tremendous powers as this bill provides.

Mr. GREEN: To a board.

Mr. KNOWLES: My hon. friend interjects, "to a board." That reminds me of the frequent request which is made, in the name of democracy, that all sorts of details on things that are taken care of by governments should be brought here and discussed in detail on the floor of parliament. I am one of those who will always insist on the overriding authority of this parliament. That is an essential in democracy as we know it, and we must not give in on that point to the extent of one iota. But if we are going to move on—and I believe that we are; history is pushing us, and we have an example of it in this very measure—if we are to move into the atomic age and into economic democracy, parliament will have to become the place where, because we deal with more matters, we learn to lay down basic principles, while delegating details to responsible boards that can act on our behalf. Otherwise, if we insist on every detail regarding all kinds of things that should be publicly controlled, and ask that those details be discussed in parliament, we shall become bogged down and we shall defeat the very purpose of democracy.

Far from having the fears my hon. friend has expressed, I feel quite pleased that the government has brought down this measure, and I trust that when the time for the vote comes it will receive the unanimous support of the house. Having said that, I should now like to support the suggestion made by the hon. member for Vancouver South with regard to referring the matter to a special committee. There is something in me that will

not allow me to support the suggestion of a joint committee of this house and the other place. My hon. friend is not surprised at my wanting to leave the other place out; but I support the idea of this matter being referred to a special committee of this house, and I suggest to the minister, whatever he may have thought of the suggestion from the hon. member for Vancouver South, that it is coming now from one who supports the bill, supports its principle, and is for it all the way through. My reason for suggesting that it be referred to a committee is by no means to hamper or hinder the progress of the bill through parliament. I feel, however, as expressed by the hon. member for Vancouver South and others, that this matter is of the greatest importance, and we have no idea of what the future may hold as we move into the atomic age, so that the more we know about the matter, the more publicity that can be given it throughout Canada, the better it will be for our understanding of this subject and for the decisions we and the Canadian people may have to make in the days that lie ahead.

If we move into committee of the whole following the second reading, we cannot have before us any scientists or others who might be able to give us all the available information on this subject. We cannot go into the whole matter in the way we could in a select committee in some other part of the building. I think it would be all to the good if that proposal were carried out. It might not result in the change of a single item in the bill; the bill might come back to committee of the whole in exactly its present form, but if in this way publicity can be given to what is involved it will be all to the good. Therefore I hope that the minister will give consideration to the suggestion, and I once again have great pleasure in supporting the bill.

Mr. NORMAN JAQUES (Wetaskiwin): I should like to say a few words in support of the motion of the hon. member for Vancouver South (Mr. Green). In passing, I should like to call the attention of the house to the reasons which have been advanced by the members of the C.C.F. party for public control, which seems to be the purpose of nearly every bill which comes up in the house. The socialist argument that public control makes for peace and security is, I say, denied by all the facts of history. The socialist idea that private enterprise is another word for private exploitation has no truth in it. If we wish to know where real exploitation has been in the last twenty-five years we can look to the example set by the great dictatorships. There you have socialism actually working. It is one thing to talk about socialism theoretically, but what did they have in Germany if it was not national socialism? What did they have in Italy if it was not guild socialism? What have they in Russia if it is not Marxian socialism? Each one is, or was, a tyranny. I think the Russian is as great as the other two put together. It is those dictatorships, those socialist countries, which have brought about the terrible revolutions and wars of the last thirty years.

You cannot blame private enterprise for the ills of the world. All the progress which the world has made up to the present time has been due entirely to private initiative and to the genius of individuals. As the minister well said yesterday afternoon, governments can exploit applied science, but pure science is the result of the efforts of private individuals. He said that one of the necessities of pure science was more leisure for those individuals who have a scientific mind, and that it was the greater amount of leisure formerly enjoyed by people in Europe which had brought about most of the advances in pure science there rather than on this American continent.

In connection with increased leisure, I should like to quote Major Douglas. I do not know of anybody who has expressed this idea as well as he has. The quotation is from "Credit-Power and Democracy", and reads as follows:

> The more the maintenance of life can be shifted from the backs of men on to the backs of machines, the more important it is to find a creative outlet for the human energy released, and the more certain is it that a considerable portion of this energy will, without compulsion, be devoted to the improvement of the industrial machine. That is to say, if a practical policy based on these considerations be pursued there will be a fall in the man-hours required for routine or operating work, and a consequent rise in the man-hours available for design and research work. The industrial machine is a lever, continuously being lengthened by progress, which enables the burden of Atlas to be lifted with ever-increasing ease. As the number of men required to work the lever decreases, so the number set free to lengthen it increases. It is true that, owing to the defective working of an outworn financial system, the lengthening of the lever has been offset by obstacles to its beneficent employment, but these very obstacles, by raising up a world-wide unrest, will secure a rectification of the means of distribution, which is the first step to a better state of things.

Before we can solve the problem of distribution we must realize that we face a new age of increasing leisure, and that any efforts to distort the economic system into providing more jobs will meet only with failure. There is only one real solution, namely, to admit freely that we face an age of leisure. Provision must be made for that. If we do that, then, as a consequence, we shall have also an age of increasing liberty and freedom.

Mr. JOHN BRACKEN (Leader of the Opposition): I rise to say just one thing, and to say it briefly. Before I do that may I take the opportunity to compliment all those who have spoken on this measure, from the minister who introduced the resolution in the earlier stages of the measure to those who have spoken since. This is one measure on which every member who has spoken has spoken in a constructive and non-partisan manner. They have approached the problem from its broadest possible point of view.

My reason for speaking at this time is to supplement what has been said by the hon. member for Vancouver South (Mr. Green) and supported by many other hon. members. In view of the importance of this measure, I ask the minister to give careful consideration to referring it to a special committee of this house, or, if it is desired, a committee of this house and of the senate. I do that for no other purpose than that the house be as well informed as possible on this subject and on the plans which the minister has in view for the control of this new form of energy, and to consider if possible how the measure can be improved.

I have no doubt that the minister and his advisers have brought forward a measure which in their judgment they consider satisfactory. But it has been pointed out that in other places several aspects of it have been treated somewhat differently. I am not arguing now in favour of any other plan or of any modification of the present plan, but I think it would be expressing our appreciation of the importance of this measure if we were to give it further consideration. I think the minister would be recognizing the importance of the matter if he would consent to that being done. I need not repeat that atomic energy is a new form of power which may be of tremendous importance to man in the economic field and which also may be a great danger to society. That is recognized by everyone. Let us put our heads together and, with the best technical advice we can get, bring forward a measure which the house will agree unanimously is the best we can draw up at this time. I respectfully urge that this suggestion be favourably considered by the minister and the government.

Mr. SOLON E. LOW (Peace River): Mr. Speaker, I listened with great interest to the remarks of the hon. member for Vancouver South (Mr. Green) this afternoon, and to the other addresses that have been made, particularly to the suggestion that the bill now be sent to a special joint committee of this house and the senate for study and revision. I find myself in sympathy with that suggestion and would be very glad to support it and urge the minister by all means to yield to it. I believe that in a committee of that kind much can be done to improve the measure or, if not to improve it, at least to assure everyone that it is the very best measure that can be devised by the government and put into effect in this country. So I strongly urge the minister to give effect to the suggestion.

Mr. M. J. COLDWELL (Rosetown-Biggar): If I may say just a word I shall be as brief as was the hon. member for Peace River (Mr. Low). I too think it would be a good plan to send this bill to a committee, not because I feel that it should be altered in any fundamental patricular, but because I feel that too few people in our country fully realize the implications of this great new source of energy. We may pass this bill through the house; while we shall get some views here, we discuss it more or less from the point of view of the political set-up in Canada. If we got it before a committee we could call some outstanding scientists and others whose views could be publicized throughout Canada, which I think would be a great advantage both to the government in promoting this bill and to the house in adopting it. By this means we could give our people for the first time some outstanding opinions on the subject which would give them an understanding of just what this great new source of energy means. It is for that reason and none other that I warmly support the view which has been advanced, though I believe this house should appoint the committee. If a joint committee were appointed a recommendation would have to be made and to come back from the other place, and I do not think it would be quite feasible, altogether apart from what we may think of the other place. I think it should be a committee of this house which would report back to the house in the normal way. Then the hon. gentlemen of the other place could pursue a similar course, if they wished.

Mr. GREEN: That would be satisfactory to me.

Mr. G. K. FRASER (Peterborough West): I am certainly glad that so many hon. member agree with the suggestion advanced by the hon. member for Vancouver South (Mr. Green), because I consider that suggestion definitely worth while. As has been said, the people of Canada know practically nothing about atomic energy. If this committee were set up it would be able to bring out the facts, and no doubt hon. members would advance suggestions which would be of value in setting

up the board. In this connection I should like to quote a paragraph from a news item dated yesterday:

Experts here do not foresee much chance of atomic energy being available for commercial use for about fifteen or twenty years, even though Hon. C. D. Howe, Minister of Reconstruction and Supply, expressed the opinion that commercial heat from atomic energy could be looked for in about five years. When one large consumer of coal asked the national research council regarding atomic energy, he was told to proceed with his original plans to use modern heating equipment but to allow for possibility of installing equipment which could use atomic energy some time in the future.

If this committee is set up I think it should ask the board to do everything possible in research and development along the line of the production of heat by atomic energy. The minister has said, and we all know, that we are faced with a fuel famine next winter. There is no doubt of that. In many parts of the country less cordwood has been cut this year than ever before, because it has been impossible to get men to go into the bush. In my own district, though trucks are going down No. 28 highway every day, there is not the quantity of cordwood going to the city that there was last year, and it is almost impossible to buy a load of it. I understand that the same situation exists in the Parry Sound, Muskoka and other northern sections. That is one thing this committee should impress upon the board, namely, the need to develop heat first. I believe that if the research men devoted their attention to the production of heat from uranium some result might be achieved not in fifteen years or five years, but in much less time. The development of the atomic bomb did not require the full six years of war. Some of the research work had been done before that, of course, but it was hurried along, and there is no reason why the production of heat by atomic energy cannot be hurried along in the same way. The explanatory note on page 2 has this to say:

Sections 7, 8 and 9 empower the board to undertake or facilitate research and investigation with respect to atomic energy, and to engage in, facilitate and control as the public interest may require the production and utilization of atomic energy, the dissemination of information with respect thereto and the production and distribution of materials requisite therefor.

I suggest, Mr. Speaker, that it is six o'clock.

THE GOVERNOR GENERAL

ANNOUNCEMENT OF RETURN FROM ENGLAND

Hon. COLIN GIBSON (Minister of Natioinal Defence for Air): It is my privilege to announce that His Excellency the Governor General, accompanied by General Vokes, arrived at Rockcliffe airport this afternoon from England by R.C.A.F. plane, at five o'clock. I may add with some pride that the estimated time of their arrival at the airport was five o'clock.

At six o'clock the house took recess.

After Recess

The house resumed at eight o'clock.

PRIVATE BILLS

CONSIDERED IN COMMITTEE—THIRD READINGS

Bill No. 18, for the relief of Juliana Edmonda Isabella Ferdinanda Bacquaert de Beaujeu.—Mr. MacLean.

Bill No. 19, for the relief of Margaret Penelope Brown.—Mr. Maybank.

Bill No. 20, for the relief of Marion Cruickshank Isaac.—Mr. Maybank.

Bill No. 21, for the relief of Malvina Angelina Seguin Gascon.—Mr. Maybank.

Bill No. 22, for the relief of Nora Kathleen Loury Cheverton.—Mr. MacLean.

Bill No. 23, for the relief of Elsie Fisher Armitage.—Mr. Maybank.

Bill No. 24, for the relief of Florence Mabel McIntosh Simpson.—Mr. Maybank.

Bill No. 25, for the relief of Francis Gordon Sullivan.—Mr. MacLean.

Bill No. 26, for the relief of Minerva Jane Cory.—Mr. Maybank.

Bill No. 31, for the relief of Esther Irene Lind Booth.—Mr. Maybank.

Bill No. 32, for the relief of Katie Hoffman Pinsky.—Mr. Maybank.

Bill No. 33, for the relief of Dorothy Adams Acer McDougall.—Mr. Maybank.

Bill No. 34, for the relief of Helen Douglas Stewart Rankin.—Mr. Maybank.

Bill No. 35, for the relief of Olive Esther Rose Ewen.—Mr. Maybank.

Bill No. 36, for the relief of Andrew Prem-Das.—Mr. Maybank.

Bill No. 37, for the relief of Marie Evelyn Dormer.—Mr. Boucher.

Bill No. 38, for the relief of Reginald Wesley Titcombe.—Mr. Maybank.

Bill No. 39, for the relief of Hilda Forsey Pearce Johnston.—Mr. Maybank.

Bill No. 40, for the relief of Ann Low Fuller Mitchell.—Mr. Maybank.

Bill No. 41, for the relief of Marguerita St. Catherine McKeigan Guillevin.—Mr. Maybank.

Bill No. 42, for the relief of Bessie Goldrosen Green.—Mr. Maybank.

Bill No. 43, for the relief of Audrey Helen Jackson Maxham.—Mr. Maybank.

Bill No. 44, for the relief of Frank Russell Yeoman.—Mr. Maybank.

Bill No. 45, for the relief of Florence Joy McGibbon Lafleur.—Mr. Maybank.

Bill No. 46, for the relief of Isobel Cameron McLaggan Oswald.—Mr. Maybank.

Bill No. 47, for the relief of John Louis Charlebois.—Mr. Maybank.

Bill No. 48, for the relief of Margaret Ruth Weir Allan.—Mr. Boucher.

Bill No. 49, for the relief of Georgina Hylda Swaffield McKenzie.—Mr. Maybank.

Bill No. 50, for the relief of Dorothy Ellen Cope Kimpton.—Mr. Maybank.

Bill No. 51, for the relief of Vera Harriet May Kinghorn Hodgson.—Mr. MacLean.

Bill No. 52, for the relief of Charles Patrick Kavanagh.—Mr. Maybank.

Bill No. 53, for the relief of Irene Gertrude Carry Staley.—Mr. Maybank.

Bill No. 65, for the relief of Ruby Rosina Burnett Walters.—Mr. Maybank.

Bill No. 66, for the relief of Winnifred Violet Unsworth Thomas.—Mr. Maybank.

Bill No. 67, for the relief of Helen Louisa Willcox Reid.—Mr. Maybank.

Bill No. 68, for the relief of Richard Carter Eaton.—Mr. MacLean.

Bill No. 69, for the relief of Annie Coyle Frances.—Mr. Stuart (Charlotte).

Bill No. 70, for the relief of Beatrice Irene Moore Hawes.—Mr. Maybank.

Bill No. 71, for the relief of Laura Lillian Butler May.—Mr. Maybank.

Bill No. 72, for the relief of Gladys Ethel Standring Weldon.—Mr. Maybank.

Bill No. 73, for the relief of Elizabeth Maude Foy Gage.—Mr. MacLean.

Bill No. 74, for the relief of George Burley Beresford.—Mr. MacLean.

Bill No. 75, for the relief of Isabella Eleonora Cantlie Angus.—Mr. Maybank.

Bill No. 76, for the relief of Albert Stuart White.—Mr. MacLean.

Bill No. 77, for the relief of Edward Mortin Montgomery.—Mr. Maybank.

Bill No. 78, for the relief of Evelyn Clare Ward Davis Murray.—Mr. Maybank.

Bill No. 79, for the relief of Esther Genevieve Johnson Potter.—Mr. Maybank.

Bill No. 80, for the relief of Wanita Winifred Ellerton Upton.—Mr. Maybank.

Bill No. 81, for the relief of Joseph Victor Emile Tassé.—Mr. Maybank.

Bill No. 83, for the relief of Roland Taillon. —Mr. MacLean.

Bill No. 84, for the relief of Frederick Albert Johnson.—Mr. Maybank.

Bill No. 85, for the relief of Joseph François George Landry.—Mr. MacLean.

Bill No. 86, for the relief of Dorothy Ruth Bennett Macnutt.—Mr. Maybank.

Bill No. 87, for the relief of Anne Levy Marder.—Mr. MacLean.

Bill No. 88, for the relief of David Ritchie McEwen.—Mr. MacLean.

Bill No. 89, for the relief of Marie Jeanne Antoinette Bastien Cadieux.—Mr. MacLean.

Bill No. 90, for the relief of Gwenyth Lorraine Madge Popkin.—Mr. MacLean.

Bill No. 91, for the relief of Louise Jocelyn Wolfrey Black Griffin.—Mr. Maybank.

Bill No. 92, for the relief of James Delmer Thomas Kirton.—Mr. Maybank.

Bill No. 93, for the relief of Helen Sylvia Stacey Thompson.—Mr. Maybank.

Bill No. 94, for the relief of Kay Florence Smart Gardiner.—Mr. Maybank.

Bill No. 95, for the relief of Zoita Tehanciuc Moldovan.—Mr. Maybank.

Bill No. 96, for the relief of Ambrose Keble Fred Vernham.—Mr. Maybank.

Bill No. 97, for the relief of Clermont Gendreau.—Mr. MacLean.

Bill No. 98, for the relief of Beatrice Lydia Ogulnik Goldin.—Mr. Boucher.

Bill No. 99, for the relief of Harry Dyce.— Mr. Maybank.

Bill No. 100, for the relief of Alastair Trenholme Lovat Fraser.—Mr. Maybank.

Bill No. 101, for the relief of Elsie Rachel Silverson Ward.—Mr. MacLean.

Bill No. 102, for the relief of William Joseph O'Sullivan.—Mr. Maybank.

Bill No. 103, for the relief of Dorothy McLelland Hamilton.—Mr. Maybank.

Bill No. 104, for the relief of Violet Maude Griffiths Barraclough.—Mr. MacLean.

Bill No. 105, for the relief of Norman Peter Gray.—Mr. Maybank.

Bill No. 106, for the relief of Andrew Kovacs.—Mr. Maybank.

Bill No. 107, for the relief of Eda Margel Sand.—Mr. Maybank.

Bill No. 108, for the relief of Lucille Eileen Piché Perrier.—Mr. Maybank.

Bill No. 109, for the relief of Bertha Lipshitz Joslove.—Mr. Maybank.

Bill No. 110, for the relief of Ernest Leslie Maddock Jones.—Mr. Maybank.

Bill No. 111, for the relief of Marie Komyati Sznyitar.—Mr. Emmerson.

Bill No. 112, for the relief of Irene Renee Levey Ritchie.—Mr. Emmerson.

Bill No. 113, for the relief of Alexander Marr Meldrum.—Mr. Maybank.

Bill No. 114, for the relief of Ottocar Fiedler.—Mr. Maybank.

Bill No. 115, for the relief of Kathleen Elizabeth Regan Griffths.—Mr. Maybank.

Bill No. 116, for the relief of Eliza Ritchie McDerment.—Mr. Maybank.

Bill No. 117, for the relief of Ruby Eileen Baker Jones.—Mr. Maybank.

Bill No. 118, for the relief of Ralph Samuel Currie.—Mr. Maybank.

Bill No. 119, for the relief of Simone Tardiff Laverdure.—Mr. Maybank.

Bill No. 120, for the relief of Max Schacter. —Mr. Maybank.

Bill No. 121, for the relief of MaryWalker Tiffney.—Mr. Maybank.

Bill No. 122, for the relief of Margaret June Purdy MacKinnon.—Mr. Maybank.

Bill No. 123, for the relief of John Rae.— Mr. Maybank.

Bill No. 124, for the relief of Nellie Mugford Brumby.—Mr. Maybank.

Bill No. 128, for the relief of Edith May Hort Search.—Mr. Maybank.

Bill No. 129, for the relief of Alexander Thompson Powell Scott.—Mr. Maybank.

Bill No. 130, for the relief of Frances Eleanor Miller Foster.—Mr. Casselman.

Bill No. 131, for the relief of Mary Kathleen Maloney Rassie.—Mr. Maybank.

Bill No. 132, for the relief of Mildred Florence Rooke Cochrane.—Mr. Maybank.

Bill No. 133, for the relief of Eileene Ruby Aspell Stinson.—Mr. Maybank.

Bill No. 134, for the relief of Edna Bookalam Howick.—Mr. Casselman.

Bill No. 135, for the relief of Berthe Alice Cardinal Reid.—Mr. Maybank.

Bill No. 136, for the relief of Elizabeth Jean Warden Leupold.—Mr. Casselman.

Bill No. 142, for the relief of Thomas Bryson Beakes.—Mr. Maybank.

Bill No. 143, for the relief of Lila Edna Page Kennedy.—Mr. Maybank.

Bill No. 144, for the relief of Ernest Crete. —Mr. Stuart (Charlotte).

Bill No. 145, for the relief of Pauline Hellier Kirsch.—Mr. Casselman.

Bill No. 146, for the relief of Wilfred Fields Benlow.—Mr. Emmerson.

Bill No. 147, for the relief of Thomas Allan. —Mr. Emmerson.

Bill No. 148, for the relief of Martta Haavisto Aaltonen.—Mr. Maybank.

Bill No. 149, for the relief of Rhona Gertrude Paikowsky Munn.—Mr. Maybank.

Bill No. 150, for the relief of Arthur Joseph Hubbard.—Mr. Emmerson.

Bill No. 151, for the relief of Eleanor Hibberd Howe.—Mr. Maybank.

Bill No. 152, for the relief of George Graver. —Mr. Maybank.

Bill No. 153, for the relief of Malcolm Ernest Bigelow.—Mr. Maybank.

Bill No. 157, for the relief of Mary Epstein Harris.—Mr. Maybank.

Bill No. 158, for the relief of Helen Irene Flewelling Wilson.—Mr. Maybank.

Bill No. 159, for the relief of Maitable Horwitz Hollander.—Mr. Maybank.

Bill No. 160, for the relief of Pauline Giséle Guénette Villeneuve.—Mr. Maybank.

Bill No. 161, for the relief of Mary Jaclyn Robinson Jeffrey.—Mr. MacLean.

Bill No. 162, for the relief of Jessie Hope Forbes Hardie.—Mr. Emmerson.

Bill No. 163, for the relief of Robert Venor. —Mr. Maybank.

Bill No. 166, for the relief of Lillian Audrey Atkinson Jackson.—Mr. Casselman.

Bill No. 167, for the relief of Bernard Cook. —Mr. MacLean.

Bill No. 168, for the relief of Estelle R. Warhaft Slobod.—Mr. Maybank.

Bill No. 169, for the relief of Alexander Fitz Ormonde Spooner.—Mr. Maybank.

Bill No. 170, for the relief of Eleanor Williams.—Mr. Maybank.

Bill No. 171, for the relief of Joseph Henri Veaudry.—Mr. Maybank.

Bill No. 172, for the relief of Amelia Jezik Pascas.—Mr. Maybank.

Bill No. 173, for the relief of Cyril Mackie. —Mr. Maybank.

Bill No. 174, for the relief of Carol Gordon Cass Planche.—Mr. Maybank.

Bill No. 175, for the relief of Eveline Richmond Sykes Lacoe.—Mr. Maybank.

Bill No. 176, for the relief of Miriam Vineberg Perel.—Mr. Maybank.

Bill No. 177, for the relief of Paul Krawchuk. —Mr. Maybank.

Bill No. 178, for the relief of Henry Arthur Creates.—Mr. Maybank.

Bill No. 179, for the relief of Stephanie Tymchuk McLean.—Mr. Maybank.

Bill No. 180, for the relief of Annie Spivack Prosterman.—Mr. Maybank.

Bill No. 181, for the relief of Kenneth Edwin Morrison.—Mr. Maybank.

Bill No. 182, for the relief of Almeda Mabel Hartry Ritchie.—Mr. Boucher.

Bill No. 183, for the relief of Margo Ismena Graydon Heubach.—Mr. Maybank.

Bill No. 184, for the relief of Erika Gossen Tenzer.—Mr. Maybank.

Bill No. 185, for the relief of Isabel Greenshields Biggs.—Mr. Maybank.

Bill No. 186, for the relief of Henri Edme Bernard.—Mr. Boucher.

Bill No. 187, for the relief of Nellie Harrison Andersen.—Mr. Maybank.

Bill No. 188, for the relief of Marie Irene Clementine Elizabeth Ash.—Mr. Maybank.

Bill No. 189, for the relief of Alexander Grant.—Mr. Maybank.

Bill No. 190, for the relief of Thomas Beach.—Mr. Casselman.

Bill No. 191, for the relief of Fanny Miller Astrofsky.—Mr. Maybank.

Bill No. 192, for the relief of Grace Ellen Rafter Munro.—Mr. Maybank.

Third readings of divorce bills agreed to on division.

Bill No. 30, to amend the act incorporating the National Council of Women of Canada.—Mr. Harris (Grey-Bruce).

CHURCH OF THE NAZARENE

The house in committee on bill No. 82, to incorporate the executive board of the Church of the Nazarene—Mr. Warren—Mr. Macdonald (Brantford City) in the chair.

Sections 1 to 3 inclusive agreed to.

On sections 4—Objects.

Mr. HACKETT: We should have some explanation of this legislation. We may feel quite friendly toward it, but at least we are entitled to the courtesy of being provided with some details. I think most of us would feel very much embarrassed if we were asked for information concerning this bill and were forced to say that we could not get it.

The CHAIRMAN: The committee is entitled to any information it may desire. Do I understand that the hon. member for Stanstead has some questions to ask on section 4?

Mr. HACKETT: I have not even a copy of the bill. I suggest that it stand until someone is here who can give us some information about it.

The CHAIRMAN: The sponsor is here, and if any member of the committee would like to ask any questions I am sure the sponsor will be prepared to answer.

Mr. HACKETT: I would ask the sponsor to give us a resume of the purposes of the bill.

Mr. WARREN: This bill went through the senate, through the private bills committee of the senate; it received second reading in this house and has been approved by the private bills committee. If I were asked what I know about the denomination known as the Nazarenes I would have to say that I do not know personally a great deal about them, but I do know the man whose name is mentioned in this bill, Mr. Collins, who wrote to me from Red Deer asking if I would be willing to sponsor this bill. I have known Ernest Collins ever since he was a boy and I would be willing to endorse anything that Ernest Collins would endorse. My more or less limited knowledge of the Nazarenes as an organization is that their doctrine is the old-time Methodist doctrine. I think it was Macauley, the English historian, who said that the Wesleys did more to save England from bloody revolution than all the armies and navies that they could produce. I happen to know one of the leaders of the Nazarenes who practices his calling in the United States, and I know he is one of the finest types of Canadian citizen that one could meet. I also know this man Collins, who has been appointed now as principal of their college at Calgary. So far as I am concerned I have no hesitation in endorsing anything that Ernest Collins belongs to.

Mr. GRAYDON: May I suggest to the hon. member that perhaps we can take as read his recommendation of the gentleman who is responsible for this bill, and I think my hon. friend is to be congratulated on his faith in his friend's good judgment. But we are now dealing with section 4, which sets out the objects of the corporation, and I was wondering if my hon. friend could indicate to the committee whether it differs in any material way from the objects of other religious organizations of a similar nature which parliament has incorporated in the past because I think it is well to follow as far as possible precedents that have become established. I think my hon. friend will appreciate the good will that prompts my suggestion.

Mr. MAYBANK: If the hon. member who is sponsoring the bill and the hon. member for Peel will permit me, I think I can answer the question. It came up in the private bills committee, and it was pointed out at that time that this bill, compared with other bills of a similar sort, was alike with others as two peas are alike to each other. Practically a standard form of incorporation has become established, and this follows that form slavishly. I think that was the point the hon. gentleman had in mind, was it not?

Mr. GRAYDON: I had in mind the thought that in bills of this kind there is usually one set form used with respect to the objects of the corporation, just as there is a general form used in the incorporation of companies. My hon. friend the member for Winnipeg South Centre, who is chairman of the private bills committee, has explained that this is on all fours with similar church incorporations in the past. That was my only point.

Mr. MAYBANK: Quite so. We have had several similar bills in the last two years that I have been chairman of the committee. This is what one might call the stock form.

Section agreed to.

On section 5—Management.

Mr. GRAYDON: May I ask my hon. friend—either one who may possess superior knowledge of this subject—whether the same remark applies to this section?

Mr. MAYBANK: Yes. There were certain bills of this kind last year; there is another one to follow this, and they follow the usual form word for word.

Section agreed to.

Sections 6 and 7 agreed to.

On section 8—Capacity to acquire and hold property.

Mr. GRAYDON: What is the membership of the body to be incorporated?

Mr. WARREN: I believe about 200,000.

Section agreed to.

Sections 9 to 17 inclusive agreed to.

Bill reported, read the third time and passed.

EVANGELICAL CHURCHES OF PENTECOST

The house in committee on bill No. 137, to incorporate Evangelical Churches of Pentecost—Mr. Dechene—Mr. Macdonald (Brantford City) in the chair.

On section 1—Incorporation.

Mr. COCKERAM: Would the sponsor give us an explanation of the bill?

Mr. DECHENE: Mr. Chairman, this bill is one of several bills of this kind that we pass from year to year, providing for the incorporation of religious organizations, particularly when they have grown so large that it becomes difficult for the minister in charge to administer the property. Then, for the protection of the minister himself and of the congregation, it has been the custom to apply for incorporation in order that the organization may operate efficiently. It will be noticed that this bill is practically in the form of a model bill which parliament has adopted for many years, providing for this class of incorporations. The bills are drawn, as I said, from both a spiritual and a temporal point of view to provide for the proper administration of these congregations. It is provided that such bills are subject to some limitation as to ownership, in order that a church may not speculate, for instance, because the properties are exempt from taxation. There is a section providing that if a parcel of land is held, say for fifteen years and no longer, as a meeting place for the followers of this particular denomination, and is not so used, they shall dispose of it or the property will become taxable, the idea being that only properties actually used for religious purposes shall be exempt from taxation.

This bill came to me from a minister of the gospel who lives in Athabaska and whom I have the honour to know. I am convinced that he is doing valuable work in many parts of the far north. His denomination operates mainly in northern Alberta and Saskatchewan; and I was much flattered, following the belief which I myself hold, that the Rev. Mr. Marshall entrusted me with the introduction of this bill. The bill was first presented to and passed by the senate, who recommended it to us. Yesterday, at a meeting of the committee on miscellaneous and private bills, this bill was gone over section by section and, as the hon. member for Winnipeg South Centre has mentioned, it was found by the committee that it conformed to requirements and procedures followed by this house for many years in incorporating religious institutions. As to the kind of gospel preached by these people, I am unable to give any information.

Mr. ADAMSON: May I ask the hon. member who sponsors this bill whether this Evangelical Churches of Pentecost is what is known as the holy rollers?

Some hon. MEMBERS: No.

Mr. DECHENE: I am sorry that my religious knowledge is not extensive enough to answer that question. I do not know of any religious community called the holy rollers. I do know, however, the minister who conducts this congregation in a district of Athabaska, and I know he is doing a lot of good. He is a Christian, and I have never questioned his methods or the name he goes under. Personally I was pleased to sponsor the bill, because I believe it is a good one.

Mr. ADAMSON: I entirely agree with the hon. member. I was merely asking for information.

An hon. MEMBER: The answer is "no".

Section agreed to.

On section 2—Directors.

Mr. COCKERAM: The hon. member for Winnipeg South Centre said that there was great similarity between these bills. I cannot see it.

Section agreed to.

Sections 3 and 4 agreed to.

On section 5—Management.

Mr. GRAYDON: A few moments ago the chairman of the miscellaneous private bills committee was good enough to explain the other bill which was before us. He then said, regarding the objects of the corporation and the clause relating to management, that it was a stock form, one used generally in the incorporation of church bodies of this kind. I would be the last one to attempt to place any obstacle in the way of passing this bill, but in the interests of the churches concerned we ought to have the bills right so that there will be no difficulty later on from their point of view. The objects in section 4, relating to management, are so different from those in the bill which we have just passed that perhaps we might have an explanation from the hon. member as to why this departs so far from the stock form which has been used.

Mr. MAYBANK: When I made that statement before, I made it with reference to that bill, not of course with reference to this bill, but I believe I did say at that time that I was under the impression that the bill which would follow was in many and probably in all respects similar, and if there is that difference which has now been pointed out I was in error in saying that something which would come after was the same as something we then had before us. However, dealing with this bill, I cannot say why there is some difference here from some others. After all, I am not sponsoring it. But those who desired this bill, and those who had their representatives deal with it at first—that is, not the private bills committee of the House of Commons but the corresponding committee of the other place—apparently must have felt that this way of arranging the management of the church was preferable from their point of view. That is the only explanation I can give. Looking at it from the viewpoint of persons enacting legislation, we on the private bills committee could see no objection to granting to these persons desiring incorporation the power which they ask, with respect to both management and other matters. We would not feel that it was any part of our duty to insist upon a precedent, upon having this follow the form of some other bill. It is true that some little time ago I was under the impression that these bills are very similar, and in a general way I think they are. However, these powers which are granted, in case this becomes law, are natural powers; there is no objection that I can see to them; those who framed this plan desired it that way; and after all, since it is for their purposes and for those who will join with them, I believe the private bills committee considered that a sufficient reason. I do not know that there is any better explanation I can give.

Mr. GRAYDON: That is perhaps so. The only thing is that the powers they propose for themselves in this bill seem to be restricted rather than amplified.

Mr. MAYBANK: Yes.

Mr. GRAYDON: My hon. friend overlooked that point.

Mr. MAYBANK: Probably they did not want quite as wide powers. They were satisfied the way it was. I suppose that would be the answer.

Mr. LENNARD: Are these bodies not asking really for some relief from taxation? I think they should have it, but, to get down to brass tacks, is that not so?

Mr. MAYBANK: It never so occurred to me. Of course I do not know. I have not the sponsorship of this bill. I would say that when it came before me that did not strike me, and certainly, had I felt that there was a hidden clause—

Mr. LENNARD: No, not hidden.

Mr. MAYBANK: —providing for taxation relief improperly I certainly would have looked rather carefully at it. If there is anything in this bill which suggests that I think we ought to consider it carefully, before we attempt to grant any relief from taxation, although I doubt whether we can grant relief from taxation except such taxation as is dominion in its nature. I think I am right in saying that no federal taxation laws would apply to such bodies as churches. The only law that I can think of which would be applicable would be municipal.

Mr. LENNARD: There is no objection whatever.

Section agreed to.

Section 9 agreed to.

On section 10—Application of mortmain laws.

Mr. COCKERAM: May we have an explanation of this section, especially the statement that "a licence in mortmain shall not be necessary for the exercise of the powers granted by this act."

Mr. MAYBANK: Does the hon. member ask me to explain it? The answer is, no.

Mr. COCKERAM: But what does it mean?

Mr. McMASTER: The Secretary of State is here and I would ask him to tell us whether the government would object to a longer period than ten years. Both these churches that we have been discussing have branches in Toronto. The other one has a large number of adherents in the United States, and this Pentecostal church has a great many branches in Ontario. Is it because of some policy of the dominion government that the period allowed them is only ten years? That is a very short time in the life of a church.

Mr. GARIEPY: The section under consideration is word for word the same as the section that we passed in the other bill a moment ago. This bill passed the senate private bills committee; it went before our own committee on private bills and was passed, and there was a report from the law clerks indicating that the bill is not out of the ordinary. Its provisions conform to the standard used in similar religious bills. I have no interest in it except to say that I can see no reason for delaying its adoption.

Mr. COCKERAM: I want an explanation and I think the member sponsoring the bill should give us that explanation.

Mr. McMASTER: I would ask the Secretary of State to answer my question. After all, there must be some reason for the ten-year period being there.

Mr. MARTIN: The Secretary of State, speaking for the government, has no objection to the bill.

The CHAIRMAN: Shall the section carry?

Some hon. MEMBERS: No.

Mr. SMITH (Calgary West): Will the Secretary of State repeat what he has just said.

Mr. MARTIN: The Secretary of State thought that his words had penetrated even the uttermost recesses on the other side. Speaking for the government, he has no objection to this bill.

Mr. McMASTER: But has he any objection to a longer period than ten years?

Mr. MARTIN: Again speaking for the government, that is a provision to which I have no objection.

Mr. COCKERAM: Has the Secretary of State any opinion?

Mr. GRAYDON: My colleague is suggesting that this church should have wider powers and a longer land tenure. In other words, he is desirous of helping the church by granting it as many rights as possible; and since the ten-year period seems restrictive he is asking the Secretary of State whether the government has any objection to making that period of tenure longer under this mortmain section.

Mr. MARTIN: My hon. friend is an old parliamentarian. He is a good lawyer, and he knows that this is a private bill and that the applicants have come forward with clauses that are presumably pursuant to their wishes in the matter. Consequently the government is not at all anxious to interfere with what obviously must have been in accordance with the terms of their own application.

Mr. SMITH (Calgary West): Has the government any policy?

Mr. MARTIN: The government's policy has been stated already, but the hon. member has been preoccupied and perhaps he did not hear it.

Mr. SMITH (Calgary West): I was preoccupied; that is quite right. But there have been many times in this house when the Secretary of State has been preoccupied, so we can just balance that. I am sorry if I missed the words of wisdom which fell from his lips some time ago, but will he not grant me this much sufferance, now that I ask him the question, and tell me what the government policy on the bill is.

Mr. MARTIN: The Secretary of State has three times stated the policy of the government, that it has no objection to the bill.

Mr. SMITH (Calgary West): Thank you, sir.

Mr. COCKERAM: I come back to the same point. I should like some of the brilliant lawyers across the way to tell me what this provision means with regard to the licence in mortmain not being necessary for the exercise of the powers granted by the act.

Mr. SMITH (Calgary West): There are no brilliant lawyers across the way.

The CHAIRMAN: Shall the clause carry?

Mr. COCKERAM: No.

The CHAIRMAN: The hon. member for York South has asked a question and if it has not been answered all I can do is to inquire of the committee whether they are prepared to carry section 10?

Mr. COCKERAM: No. I still think the member who sponsors the bill, or the chairman of the private bills committee, should be able to tell me what the section means. I should like to know.

Mr. McMASTER: Perhaps the Secretary of State has not read the bill.

Mr. MAYBANK: I have been asked—I believe the hon. member had me in mind when he put the question—to explain the meaning of the section in question. Some time ago he put the question in this way: Will the hon. member—referring to me—explain this clause? I gave an answer which was in the negative. I simply said, no, and that answer stands. It is no part of my duty to explain the clause, and instead of doing so I suggest to him a course whereby, bright as he is, he can understand it himself. That course is simply to read the clause. He will find in it a sentence made up of nouns, verbs, adverbs and adjectives, and all he has to do is to study the meanings of those various parts of speech, and when he has read it through that will be the meaning of the clause.

Mr. SMITH (Calgary West): I am sure we know what the verbal harmony of the hon. gentleman who sponsors the bill means, but he does not say anything. He was asked the simple question. "What does this section mean?" May I frankly admit my stupidity—

Some hon. MEMBERS: Hear, hear.

Mr. SMITH (Calgary West): I appreciate that applause because I know exactly where it came from. It came from over there, the right wing of the Liberal party who now sit on my left.

Some hon. MEMBERS: Hear, hear.

Mr. ABBOTT: Where did that applause come from?

Mr. MAYBANK: Will the hon. gentleman permit an interjection?

Mr. SMITH (Calgary West): Either I have the floor or I have not. Mr. Chairman, have I the floor?

The CHAIRMAN: The hon. member for Calgary West has the floor.

Mr. SMITH (Calgary West): For this relief, sir, much thanks. That is a Shakespearean phrase. I think what the hon. member who sponsors the bill just said was that it means what it says; and "don't be stupid". I wonder if in the kindness of his heart—because he is a big-hearted chap—he will tell us what it means. That is not much to ask of the brilliant lawyer from Winnipeg who once drove an engine of the Canadian Pacific Railway company. He has had a very broad experience; therefore, aside from the *literati* end of it, will be please tell us what it means.

Mr. MAYBANK: I just wish to say as a matter of courtesy that I cannot admit that the committee is unanimous with reference to the quality of stupidity of which the hon. member has just boasted. He may insist that it is so, but I am not going to agree with him on that point. As a matter of courtesy, I say, I am not going to agree with him.

I do not think the hon. member is right when he says that the sponsor of the bill said so-and-so. That is not a fact. The sponsor of the bill did not say what the hon. member has attributed to him. Finally, I should like to make this remark with reference to the bill. If hon. members will be serious for just a moment, may I say that it is something being done for persons who desire to organize themselves in a fashion in which they believe they can better exercise their religion. The bill has been drafted by them and has been found to be unobjectionable. While one may indulge in a certain amount of fun, perhaps at their expense this evening, as the hon. member for one of the Calgarys has been doing—

Mr. SMITH (Calgary West): Would the hon. member please speak so that I can hear him?

Mr. MAYBANK: I hope the hon. member hears this. He is making a grave mistake in persuading himself that impudence and intelligence are synonymous; they are not. All this heavy fun from just this side of the foothills is a greatly belaboured type of humour. It would be well if he would for a moment imagine that he is grown up and act as an adult.

The CHAIRMAN: Before the hon. member for Calgary West replies, may I suggest that after he has replied the committee confine itself to a discussion of the section now before us. I will allow the hon. member for Calgary West to reply.

Mr. SMITH (Calgary West): I am happy, Mr. Chairman, that you have taken that position. What you have achieved is to prove the stupidity of the remarks made just one moment ago, and I too agree wholeheartedly with you. Let us get on with the business of the committee and not be bothered by the intransigent nonsense which has just been uttered about the hon. member for Calgary West by the hon. member for one of the Winnipegs.

An hon. MEMBER: Order.

Mr. SMITH (Calgary West): I just heard the word "Order". It was not spoken by the Chairman, but by one of the cheer leaders from the other side of the committee. The word "stupidity" has a particular application. I think it is quite unparliamentary to suggest that an hon. member is stupid, as the hon. member who sponsors this bill, if I may say

that again, has done. He used that expression; therefore I am glad that being the cheer leader of the back-benchers he finds a number of people so ignorant that they support him.

Mr. MAYBANK: On a point of order, Mr. Chairman, I did not use the expression which has just been attributed to me; it was used by the hon. gentleman himself with reference to himself. He drew attention to what he said was his stupidity; I did not.

Mr. SMITH (Calgary West): One of us is right and one of us is wrong.

The CHAIRMAN: Order.

Mr. ROSS (St. Paul's): Sit down.

Mr. SMITH (Calgary West): You sit down.

Some hon. MEMBERS: Oh, oh.

The CHAIRMAN: Order. The word "stupidity" has been used quite freely on both sides of the house. Ordinarily the word "stupidity" is unparliamentary; but when it has been used in a jocular manner, as it has this evening, I do not think the Chair should pay too much attention to it. The chairman of the committee must consider the tone of voice which is used with the word. May I now suggest that there has been sufficient discussion on both sides with regard to section 10. Shall section 10 carry?

Mr. SMITH (Calgary West): No. Will not the hon. member withdraw the word "impudence"? He is a youngster and a lawyer. I am an old fellow and also a lawyer. I ask him to withdraw the word "impudence", and I shall meet him back stage and shake hands, and if he is unable to do it, perhaps I shall even find someone who can accommodate him.

Mr. MAYBANK: Anything that will advance the business of the committee I shall be only too glad to do. I shall not merely withdraw the words that the hon. member desires that I should withdraw, but in addition to that I shall withdraw all the things I was thinking of saying and have not said.

Mr. ROSS (St. Paul's): Mr. Chairman, we have to follow parliamentary practice. The chairman of the committee of the whole should see that unparliamentary words should not be used, and the Speaker should do his duty. The other night I listened with great interest to an able speech delivered by the hon. member for Vancouver South. He made a well-reasoned address, and the Minister of Veterans Affairs rose in his place and said—

The CHAIRMAN: Order. The hon. member for St. Paul's must not refer to a previous debate of the present session on a different subject.

Mr. ROSS (St. Paul's): I was only going to say what the hon. member for Vancouver Centre—

The CHAIRMAN: The hon. member for St. Paul's has emphasized the fact that the chairman should see that order is maintained, and I am going to ask him to assist me in performing that duty.

Mr. ROSS (St. Paul's): I certainly will assist the chairman in that regard, and I hope that no other hon. member will rise in his place and call anybody stupid on this side of the house.

Section 10 agreed to.

Sections 11-15 inclusive agreed to.

Bill reported, read the third time and passed.

ATOMIC ENERGY

PUBLIC CONTROL AND SUPERVISION OF DEVELOPMENT, APPLICATION AND USE

The house resumed consideration of the motion of Hon. C. D. Howe (Minister of Reconstruction and Supply) for the second reading of bill No. 165, relating to the development and control of atomic energy.

Mr. FRASER: Mr. Speaker, at six o'clock I had just read the explanatory note with regard to sections 7, 8 and 9, which stated that the board to be set up under the bill would have power to produce and distribute the materials requisite for the production of atomic energy. Uranium would be included among those materials. The other day the minister stated that at present Eldorado mines were just breaking even owing to the fact that uranium was being sold at cost. I suggest that the minister see to it that this board, when set up, sells the materials going into the production of atomic energy at a profit when they are exported, because he has to consider the taxpayer as well as the welfare of the people of Canada. The minister should see to that at once. Then, when the board is set up it should see to it that none of these materials are shipped from Canada except to countries authorized by the international atomic energy

commission set up under UNO. The board should not allow any outside powers to dictate to it as to the price at which the material should be sold.

I feel that this board can do a good job if they forget politics. Men can be chosen in this country who are far above politics, and who will give good service to be country. In many instances the trouble with boards set up by the government has been that they listen to members of parliament and political ward heelers when it comes to making appointments. People should be taken on their merits; that is the way it should be done in this case, because this is something far beyond anything we have ever had in this country before, and the board must be composed of men of the highest integrity.

This afternoon the hon. member for Vancouver South (Mr. Green) raised a number of points, each of which should be studied by all hon. members. When the minister speaks to close the debate I hope he will deal with the points that have been brought out by the hon. member. The people of Canada, together with people throughout the world, are reading various articles in the daily press expressing opinions by scientists and technicians. Some of these may be correct; without doubt some are wrong. That is another reason why this bill should be referred to a committee of the house. From all sides of the chamber the minister has been pressed to adopt this step after second reading has been given, and I hope he may see his way clear to meet that suggestion.

Mr. E. G. McCULLOCH (Assiniboia): This afternoon I listened to the remarks of the hon. member for Vancouver South (Mr. Green), and I am quite in agreement with his proposal that this bill should be referred to a committee of this house, or possibly a joint committee of the house and senate. I would also recommend that the scientific workers of this country, those who were instrumental in discovering atomic energy, be given a real and definite part to play in connection with such a committee. To-day we have developed atomic energy and, no matter how we handle it, that problem is with us.

In my first remarks I should like to compliment the government on introducing this legislation. There is no other problem so urgent as far as the Canadian people are concerned, and perhaps as far as the whole family of nations is concerned, as this problem of atomic energy which has been tossed into the laps of governments all over the world. We of the Cooperative Commonwealth Federation particularly welcome this bill because it puts under public control in a democratic way the most urgent problem of our day. In the past we have said that our economy in this country is outdated and outworn; that our science and invention have advanced so rapidly and we have become so proficient in producing the things we need that the system under which we have laboured, the capitalist system, is outmoded and leads to such things as unemployment, economic stagnation and finally war. So that we welcome this bill heartily. It is true that private enterprise knows only one law; that is, its legal right under the present system. Private enterprise feels no responsibility for unemployment or any of these other great tragedies which sometimes confront us. So that we say this great problem must and shall be solved.

I should like to refer to a statement which was issued by the association of scientific workers located at Canberra House, 73 High Holborn, London. They refer to the growing fear of destruction in the hearts of people. That is the result which we have to-day. If we are to allow individuals or private enterprise to have control of these things and use them for private profit we shall eventually be led into war. So we must change the situation. Now that atomic energy has heen achieved, it seems to me that the members of all political groups should recognize that this is the one thing which should be brought under control so that we may be able to distribute the things which we produce in this country among ourselves rather than be faced with the terrible possibility of having a potential production on the one hand, and poverty and unemployment on the other.

If we allow this problem to go unanswered we shall eventually create such forces of fear and distrust among the nations that it will not be long before we shall be faced, perhaps not with an armament race like in the last war, but a race to produce atomic bombs or to make other destructive uses of atomic energy. This frankenstein which one of the united nations has been successful in creating will be used against us and we shall be annihilated and blown to atomic fragments by the very machine we have created.

I am in agreement with the hon. member for Vancouver South who contended that this bill should be sent to a special committee of this house or a joint committee of both houses. The scientific workers of this country should have some say in the formation of policy. We have made only a beginning. There are world problems that must be solved. We cannot force other nations to accept our ideas any more than we can force hon. mem-

bers of this house to accept them. This government must be commended for having made a beginning so that we can show other nations that we have taken under our control this power which can be used for the betterment of man.

Perhaps we have not placed enough emphasis upon what atomic energy can do for the people. There is fear and distrust among races and we live from day to day in fear of what is going on. As long as that feeling exists, there is the possibility that this energy may be used for destructive purposes rather than being developed for peaceful uses. I think it was the hon. member for Weyburn (Mr. McKay) who said that we should use this power for industrial purposes. It could be used also for medicinal purposes. Quite often when our scientists have worked to develop certain scientific formulas they find that they are used for diabolical purposes. There are many instances of this. Those men, like the rest of us, are wondering where the world is going.

This is a splendid step in the right direction. Into the lap of the government has been thrown one of the most urgent problems of all time, the problem of atomic energy. I hope that we can meet this challenge; I hope that we can find the solution of this great problem. The matter is of such urgency that members of all groups should be ready to get together.

In conclusion, let me say that this is just the beginning. We know that our scientists will be able to go ahead along the lines they have already adopted. Let us hope that this great discovery will not be used as some inventions of the past have been used. If we can bring that about I feel sure we shall have the collaboration and cooperation of nations all over the world so that eventually, through the united nations or some other organization, we shall be able to have a free exchange of scientific knowledge in order that the peoples of the world will be able to have real peace.

Mr. D. G. ROSS (St. Paul's): Mr. Speaker, I feel strongly about this bill and I feel strongly about the situation in which we find ourselves, that is, the control of the atomic bomb or fission. This thing means life or death; it means either good or evil. How do we propose to deal with the situation? It can be the greatest thing for good that the world has ever seen. I wonder if the world is capable of receiving it under the present circumstances?

What disturbs me more than anything else is just how we are to choose this board. I know something about the situation in the United States where they have done a pretty good job. The minister knows about that. The hon. member for Vancouver South (Mr. Green) said something about it this afternoon. How do we propose to choose this board that we are to have in Canada? We cannot have all scientists on the board. We have to have some way of choosing this board.

I have the greatest admiration and the greatest respect for the Minister of Reconstruction and Supply (Mr. Howe). He has done many things very well and he has done other things not so well, but I will forgive him for those. I submit that the presidents of all the universities in Canada should be on this board. That is what should be done to start with. I do not think it would be too big a job for them. Then, to get the thing done they could call in the best brains on this board.

Mr. MITCHELL: Including yourself.

Mr. ROSS (St. Paul's): Is that the Minister of Labour speaking?

Mr. MITCHELL: I said, including yourself.

Mr. ROSS (St. Paul's): I would bring more brains to bear on it than you would. I know a little about what I am talking about because I had an opportunity of hearing lectures by Sir Ernest Rutherford when I was at McGill university many years ago.

Mr. MITCHELL: What did he tell you about atomic energy then?

Mr. ROSS (St. Paul's): He told us something about it. As a matter of fact he told us that this desk on which I now have my hand has more space than it has matter. He said that this is a system of constellations. I know a little concerning what I am talking about, and if the Minister of Labour (Mr. Mitchell) will keep quiet and attend to his own business and settle some of these strikes all across the country he would be helpful. I have a lot of men on strike in my riding. I have a great deal of sympathy for the minister but I have also sympathy for the fellows on strike in my riding. There are also a lot of ships tied up there, and in Toronto we want to know where we are to get coal for next winter. If we do not get coal, where are we to get atomic energy to take care of us next winter?

We have some great presidents of our Canadian universities. We have Sidney Smith of the university of Toronto, and Principal James of McGill, my old university, and there are a great many fine people there. We should have a board consisting of the presidents of the universities. They are capable of choosing the right people. Some may say that Principal James has not chosen quite the

right people, but that is only a matter of opinion. Some may say that there are some reds in the university of Toronto. Maybe there are at McGill. But I say, Mr. Speaker, that the presidents of our universities can choose the right people, and that they know what they are doing. There are many good scientists that such a board could choose. If you want to get a chief for a medical school you do not just pick out a man yourself but you go to the heads of medical organizations and to the universities and find out whom they would recommend. That is only my suggestion and I give it for what it is worth.

This whole question of atomic energy is a question of life or death so far as this world is concerned. If I did not think so I would not be speaking in this debate to-night. Only in to-day's paper we read what a distinguished scientist said about the atom bomb tests, that an atomic bomb, if exploded under the ocean surface, might crack the earth's shell and there might be no survivors to report on the experiment. So that we certainly do not want to get atomic energy into the hands of the wrong people. I hope hon. members will take what I have said in the spirit in which I have given it to the house. This is an extremely serious question.

Hon. C. D. HOWE (Minister of Reconstruction): Mr. Speaker, this has been an interesting debate and I suggest that an unusual amount of unanimity has been shown toward the objectives of the bill. Certain points were raised in the admirable address of the hon. member for Vancouver South (Mr. Green), and perhaps I might take up first the eight questions he raised.

His first one was: Should there be a board or should atomic energy be placed under the direct control of a minister? As my hon. friend pointed out, in the United States atomic energy is under a board, and in the United Kingdom it is directly under a minister. I think Canada's proposal of a board under a minister is a good combination of the two. It enables a group of men with diversified knowledge to be placed in charge of administration, under a minister who is chairman of a cabinet committee and who is directly responsible to the House of Commons. It seems to me that the plan proposed by this bill gives Canada the best of both arrangements and is consistent with Canadian custom.

Then my hon. friend mentioned watch-dog committees. I dare say that, as developments proceed, it may be desirable to have committees, and perhaps a standing committee of this house on problems of atomic energy may be warranted; I do not think that is so at the moment. We should obtain more experience in the work of atomic energy before a standing committee is established. But that may very well be a logical development of the future if and when atomic energy takes a more important place in the Canadian economy. There is nothing in the bill that would prevent the establishing of advisory committees or the setting up of a parliamentary committee, should the future indicate that that is desirable.

My hon. friend also asked: Is there sufficient control by parliament? As was pointed out, the British bill provides for a negative resolution. The Canadian bill provides by section 9(2):

> Regulations under this section shall forthwith be published in the *Canada Gazette* and laid before parliament within fifteen days after they are made if parliament is then sitting, and, if not, then within fifteen days after the commencement of the next ensuing session thereof.

That is not quite equivalent to a provision for a negative resolution, but it does draw the regulations of the board to the attention of parliament, and it would be within the privilege of any member to bring any regulation before the house for discussion. So I think that point is covered.

Mr. GREEN: Is provision made for tabling the regulation in the house?

Mr. HOWE: Yes, that is provided by section 9(2), which I have just read.

Another question asked by the hon. member for Vancouver South was: Should the board be a full-time board? The government has not fully decided that point. The decision hinges on the question whether it shall be a regulatory or an administrative board. Should it be an administrative board, should it actually operate all phases of atomic energy, it should be a full-time board. Should it be merely a supervisory board to publish regulations, leaving the operation to others, then it should be a part-time board. That decision will be made within the next few months and parliament will be able to examine the situation at its next session.

Another question was: Does the bill unduly hamper research? My hon. friend will note that section 9 of the bill provides that the first responsibility of the board will be to make provision for research. It says:

> The board may make regulations,—
> (a) for encouraging and facilitating research and investigations with respect to atomic energy.

That is an instruction by parliament to the board. There is no doubt that research will be provided for.

Another question asked by the hon. member for Vancouver South was: What shall be done about inventions? Section 9(1) (e) covers that subject. I think that provision is about as broad as the present position of atomic energy makes possible at the moment.

Then my hon. friend mentioned crown companies. I have heard somewhere that he does not like crown companies; I think that has been made clear.

Mr. GREEN: Not the way they are being set up now.

Mr. HOWE: The next point is, should the board make international agreements? The bill does not provide that the board will make international agreements; it provides that the board will keep abreast of developments in other countries. All international agreements will be made by the government through the Department of External Affairs and be subject to ratification by the House of Commons.

My hon. friend has suggested that the bill should go before a committee of the house for further study, and hon. members in other sections of the house have supported that view. I should like to give the arguments against that procedure.

The first is that there is some urgency about having this bill enacted. The atomic energy commission of the united nations commences its sittings to-morrow. Each member of the commission is desirous that he shall have the support of a bill from the country he represents as guidance in the position which he will take in the proceedings of the commission. This government is therefore doing what it can to expedite the study and passage of this bill.

Mr. GREEN: On that point, may I ask the minister if it is not the fact that neither the United States nor the United Kingdom have yet passed bills dealing with this matter?

Mr. HOWE: I am told that the United Kingdom has enacted a bill. The senate of the United States has passed a bill, and it is expected that passage by the house of representatives will be only a matter of a few days.

The second objection to a committee is the secrecy which still surrounds atomic energy. Hon. members who have spoken in the debate have indicated that they would regard the hearings of the committee as a forum for the dissemination of information about atomic energy to the public. I hardly think the position is such that that would be possible. Only a few men in North America or in the world know the whole story of atomic energy. Some two thousand scientists, engaged over the past three or four years, have taken part in research which culminated in the production of atomic energy.

Mr. ROSS (St. Paul's): May I ask the minister a question?

Mr. HOWE: When I finish my address.

Mr. ROSS (St. Paul's): The minister said that only about two thousand people know about atomic energy. Did the professors in these various universities know who they were?

Mr. HOWE: I do not think the list is difficult to obtain. But I would point out that the research on atomic energy was carried out in very much the same style that a carpenter would use in building a ladder. A ladder is built rung by rung. Each rung is a separate unit in the ladder, but the whole is the ladder. The research in atomic energy was carried on in very much the same way. A group of scientists would work on one phase, and only one phase, of the atomic energy problem. At the top level was a committee who were able to take these individual efforts and fit them into a comprehensive whole; I suppose there are not twenty scientists in the world who know all phases of the development of atomic energy.

Mr. SMITH (Calgary West): Would the minister permit one question? Among those twenty are there any of those who are under arrest at the present time?

Mr. HOWE: Oh, no.

Mr. SMITH (Calgary West): I am so happy to hear that.

Mr. HOWE: The science of atomic energy has been made known to the world to the extent that the story can be told at this time. A publication called the Smyth report was brought out shortly after atomic bombs were dropped. That report received careful study from the policy committee in charge of the development of atomic energy, and contained all the information as to the science of atomic energy which it was felt could be made public. I may say that, regardless of secrecy, it is a complete report on the subject.

As far as methods of production are concerned, those are still matters of secrecy. I assume that if a committee of the house were appointed the first move would be to ask to visit Chalk River. I would have to tell the committee that such a visit was quite impossible, because Chalk River was built under an agreement that all three partner countries would approve any visitor to that enterprise. The process continues to be a secret process,

and it would not be possible to bring scientists from Chalk River to explain to a committee of the house, and to the people of Canada, just how we produce atomic energy at Chalk River. I think my hon. friend will appreciate that fact. What could be done usefully would be to bring men who have a comprehensive knowledge of the subject before the committee, and ask them whether the bill now before parliament is a satisfactory bill, and to ask for their suggestions for its improvement. That has already been done by the government. The government has consulted the eight or ten men in Canada who are best entitled to give an opinion on that subject. This bill has been under study for at least six months. The first draft was made as long ago as that. It has been revised to conform with Canadian opinion; it has been studied in connection with decisions taken in the United Kingdom and in the United States, and to-day it represents the best opinion of men who are most thoroughly familiar with the subject matter of the bill. Therefore I think there is little probability that the bill could be greatly improved by being submitted to a committee.

There is the further fact that the men best able to advise a committee would be greatly embarrassed by being brought before the committee and subjected to cross-examination by its members. I have been associated with this problem since its inception in North America. I have been in at the top-level discussions. I have heard a good deal which to-day is public knowledge, and I have heard a good deal which to-day is not public knowledge. I would be hesitant about appearing before a committee and being subject to cross-examination, for fear that I would disclose knowledge which I have undertaken not to disclose. The top scientists who would come before the committee would be in the same position. If they were asked a question about the science of atomic energy they would need to have a consultant to tell them whether the question fell within the ambit of the Smyth report. If it did they could answer the question; if it did not they could not. They would not be able to answer questions about the method of producing atomic energy; they would be barred absolutely by the agreement which has been entered into between the countries that have pooled their knowledge. Therefore the committee could make no progress through questions along that line.

For these reasons I suggest that the bill should not be sent to a committee. It is a bill that is in parallel with bills being passed in the United Kingdom and in the United States. It is as good a measure as can be drafted at this time. I daresay that two years hence it will be desirable to amend the bill. At that time the secrecy provisions may be altogether different, and it may then be quite in order to have the bill studied by a committee of the house.

A further objection to sending the bill to a committee at this time is that the subject is being discussed by an international commission; therefore it would be embarrassing to Canada's member on that commission if newspaper reports emanated from this capital giving the opinion of the parliament of Canada on a question being discussed on an international level. For that reason I cannot agree with the suggestion, much as I should like to adopt it. I know it was made in good faith and it is one that would ordinarily commend itself to me.

I believe that the study of a bill by a small committee is usually helpful, but in this case the circumstances are such that I must ask hon. members not to insist that the bill be referred to a committee for public hearings, but instead that it be studied clause by clause in committee of the whole. I can assure hon. members that I shall take a reasonable view of any suggestions that are proposed in committee of the whole for the improvement of the bill. I hope that the bill will receive early consideration and become law as soon as hon. members can arrange.

Mr. ROSS (St. Paul's): May I ask the minister a question?

Motion agreed to and bill read the second time.

Mr. HOWE: Moved that the house go into committee on the bill.

Mr. GREEN: May I suggest that we do not go into committee to-night but that we have the British bill and the McMahon bill printed in *Votes and Proceedings* for to-day, so that hon. members may have them available for study to-morrow. We could then go into committee on our bill to-morrow afternoon or on Thursday.

Mr. HOWE: The difficulty is to know what precisely the etiquette of the matter is, whether it is proper to publish in the Canadian parliament a bill that is being discussed in the United States congress. The United States bill has not been enacted into law, and I doubt the propriety of acceding to my hon. friend's request, much as I should like to do so.

Mr. GREEN: Could not the British bill be published and the United States bill be printed and distributed to members instead of being included in any of our formal publications?

Mr. HOWE: If it will meet the wishes of the hon. member I shall have the two bills mimeographed and distributed to the members.

Mr. GREEN: That is sufficient, and would help a great deal.

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

On Section 1—Short title.

The CHAIRMAN: Shall section 1 carry?

Progress reported.

REDISTRIBUTION

AMENDMENT TO BRITISH NORTH AMERICA ACT AS TO RULES FOR READJUSTMENT OF REPRESENTATION

The house resumed from Thursday, June 6, consideration of the motion of Mr. St. Laurent for an address to His Majesty the King praying that a measure be laid before the parliament of the United Kingdom to effect an amendment to the British North America Act with respect to readjustment of the representation in the House of Commons.

Mr. MAXIME RAYMOND (Beauharnois-Laprairie) (Translation): Representation in the House of Commons is a matter which, for many years, has given rise to numerous comments, and occasioned rather sharp protests, owing to the fact that some provinces did not have a number of representatives in keeping with their population. The resulting injustice becomes more obvious whenever the redistribution of electoral districts is contemplated, and the government is to be commended for proposing to redress that wrong.

The resolution that is now before us involves our requesting the United Kingdom parliament to amend the provisions of the British North America Act with a view to the establishment, in a clear and precise manner, of the basis of representation in the House of Commons, according to population, and the elimination of the injustice resulting from a legal interpretation opposed to the spirit of the covenant entered into by the provinces at the time of confederation.

Let us first examine this measure on its merits.

No one will deny that in a democracy the principle of parliamentary representation based on population is the fairest and the most equitable.

Now, if we take the figures of the last census and apply that principle, Ontario would have 83 members and Quebec 73, each member representing an average population of 45,578 while through the application of section 51 of the British North America Act, according to the legal interpretation given thereof by the London courts, Ontario would have 82 members with an average population of 46,190 for each constituency, Quebec having 65 members with an average population of 51,213. Is that fair and equitable?

Yet, the spirit of the federal covenant entered into by the provinces was that the citizens of all provinces were to be placed on an equal footing. Reference to the parliamentary debates that were held on the resolutions which constitute the true covenant shows that such was unmistakably the intention. I shall deal again with this point later.

Can we indefinitely tolerate that the Quebec citizens should be considered as inferior beings, and that they should not be entitled to a representation equal to that enjoyed by the Ontario citizens? That is the question which comes up at this time. If we are to keep on living in the same house, it is time that such a situation be clarified, for otherwise we shall have to consider getting out of it.

It is perhaps proper that I should recall the slogan originated by George Brown, the founder of the *Toronto Globe*, "Representation by population". That was under the Act of Union which had granted an equal number of representatives to Upper Canada (Ontario) and Lower Canada (Quebec), at a time when the population of Lower Canada was much greater than that of Upper Canada. Indeed, in 1841, Lower Canada, a French province which is to-day called Quebec, had a population of 650,000, as compared with 456,000 in Upper Canada, an English-speaking province which is to-day Ontario. But in time the population of Upper Canada increased to such an extent that it exceeded the population of Lower Canada; and it was at that time that George Brown thought it unfair that Lower Canada with a smaller population than Upper Canada should retain an equal representation. Hence his slogan which has become famous in our political history, "Rep. by pop."—representation by population.

That is the principle which the fathers of confederation wanted to embody in the pact of 1867, a principle which a legal interpretation by the London court has changed or in some way distorted.

All that is asked in this resolution is that this principle of representation by population should be applied, with the formal exceptions provided in the amendment to the constitution which was agreed to in 1915.

The question of national unity is being put forward. We are in favour of national unity, but under fair and reasonable conditions, and not always at the expense of Quebec.

What are the reasons given for opposing this measure? There are a variety of them. I shall discuss a few.

First, the increase in expenditures is mentioned.

The hon. member for Lake Centre has raised that point, and the hon. member for Nanaimo has devoted his whole speech to it. The latter hon. member feels some concern about the ratepayers.

Let us think seriously. Granting to the province of Quebec the representation to which she is entitled would involve an additional expenditure of $60,000. What a huge sum for people who are used to being treated as poor relations. Is that not enough to disturb the conscience of those same hon. members who, hardly one month ago, enthusiastically voted for a gift of $425,000,000 to England, apart from the numerous gratuities we extend to her under various forms: interest-free loan, subsidy to offset the difference between the on-credit sale price of the goods we ship her and the price paid to the producer, all that making up an additional sum of a few hundred million dollars, apart from the gifts of billions of dollars which have already been made.

Indeed, Mr. Speaker, the least that can be said about such an argument is that it is not serious.

The hon. member for Lake Centre and the hon. member for Davenport have, besides, expressed their concern about the rights of minorities for the future, should the resolution be agreed to. I hope I am not reflecting on them when I say that we had not been used to so much solicitude on their part. At least, they have never evidenced in this house any particular sympathy for minorities. Moreover, we have not forgotten the legislation passed under the Anderson government in Saskatchewan, the province where the hon. member for Lake Centre lives. No legislation has ever so brutally spoliated the rights of the French and Catholic minority. And the hon. member belonged to the party of Mr. Anderson, whom he later replaced as leader.

Nor have we forgotten that it was the party with which the hon. member for Davenport is connected that put through in Ontario the famous Rule 17, of woeful memory.

No, this passing regard for minority rights leaves us quite skeptical.

I now come to the more momentous argument of a constitutional character.

It cannot be gainsaid that the province of Quebec has long been subjected to an ever-growing unfairness. Must this unfairness be allowed to subsist or should we attempt to redress it? Such is the question at issue, and we, of the province of Quebec, are interested in knowing the attitude of this house, as well as that of the other provinces, in order to chart our future course.

The problem, however, is to determine how we should go about it?

In view of the legal construction placed by the Privy Council upon subsection 4 of section 51, it may be wondered if the government could not have attained a similar purpose by using section 52 in connection with subsection 2 of section 51, without tampering with subsection 4 of section 54, nor resorting to some amendment to the constitution.

Under section 37 of the British North America Act, representation at the time of confederation was established in proportion to the population, allowing 81 constituencies to Ontario, 65 to Quebec, 19 to Nova Scotia and 15 to New Brunswick.

Sections 51 and 52 then provide for a revision of representation following each decennial census.

Section 52 states:

> The number of members of the House of Commons may be from time to time increased by the parliament of Canada, provided the proportionate representation of the provinces prescribed by this act is not thereby disturbed.

This section therefore enables parliament to increase the number of members of the house without any amendment to the constitution, provided the representation proportionate to the number of population of the provinces be not disturbed, with Quebec serving as a basis in establishing the quotient. Subsection 2 of section 51 states that representation should be proportionate to the number of population in each province.

Of course, subsection 1 of section 51 states that "Quebec shall have the fixed number of sixty-five members." But no one will claim that when Parliament was granted the power to increase the number of members, it was the intention to increase solely the number of members of other provinces, at the prejudice of Quebec, despite its growth of population. It would have been an unspeakable injustice. Besides, this is a point which has already been clarified. Reference to the debates on Confederation, at the 1865 session of the Parliament of the United Province of Canada, will show that the question was brought up as to whether the number of 65 members allotted to Quebec was subject to increase with the growth of population. Now here is the answer, given by Sir Hector Langevin, solicitor

general, on behalf of the government, as reported on page 391 of the Debates for the year 1865:

The hon. member for Lotbinière, getting over his fears and predictions and speaking of the sixty-five members from Lower Canada, put the following question—"Suppose the population in Lower Canada should in ten years increase thirty-four per cent, while that of the other provinces increases only thirty per cent, would it not be unjust to Lower Canada that the number of its representatives should remain the same, should still be sity-five, while that of the other provinces will be increased; while in any case the number of representatives from the other provinces is not to be diminished unless their pouplation should diminish five per cent?" The resolutions do not prevent Lower Canada from having more than sixty-five representatives, if its population should increase faster than that of the other provinces. The French translation of these resolutions is erroneous, for it says that "for the purpose of determining the number of representatives from each province at the end of every decennial census, Lower Canada shall never have either more or less than sixty-five representatives," whereas the English version of the resolutions, which is the official version, says: "Lower Canada shall always be assigned sixty-five members." This does not mean that Lower Canada can never have more than sixty-five members, but that it can not have less than sixty-five members. That is, I think, a categorical answer to the hon. member's objection.

It is true that the British North America Act which came back to us from London said under section 51-1: "Quebec shall have the fixed number of sixty-five members" whereas the resolution passed by the various provinces mentioned: "Lower Canada (Quebec) shall always be assigned sixty-five members."

But if this difference in phrasing gave rise to any misunderstanding, we should refer to the official interpretation of the resolution, which really constitutes the pact entered into by the provinces, and which I quoted a minute ago.

It follows from these provisions of the British North America Act, therefore, that parliament has the power to increase representation at the House of Commons, according to the population of the various provinces, without infringing upon section 54-4, which is effective only in the case of a decrease in the representation of a province. Moreover, section 51-1 does not prevent Quebec from having a greater number of members.

Why did the government not raise the number of members to which Quebec is entitled, in view of its population, under these provisions? I do not know, this procedure might have given rise to legal interpretations, such as we have had before, endangering the principle of representation according to population or at least delaying its application.

[Mr. M. Raymond.]

In any case, since the government wish to resort to a constitutional amendment, I revert to the resolution as introduced.

The resolution, as I have pointed out, calls for an amendment to the British North America Act.

According to the hon. member for Lake Centre (Mr. Diefenbaker), the bill calls for the most radical change to our constitution since the passing of the confederation act in 1867.

If the change is as fundamental as he contends, we must conclude that the idea of the agreement was to give Quebec an inferior status to that of the other provinces, and that the party which he represents is resolved to perpetuate that subordinate position. In that case, it is high time to take action and to put an end to this situation.

But such is not, to my mind, the aim of this measure, which, far from violating the spirit of the agreement, tends to restore its proper meaning.

I have shown that the pact was designed to allot the number of representatives from the various provinces to the House of Commons proportionately to their population. This is the principle embodied in the resolution.

How should we proceed to amend the constitution? The British North America Act does not indicate any solution. We should fill in this gap.

The custom followed has been to petition the imperial parliament. Here is another remnant of colonialism which must disappear. It seems illogical that we should be required to amend our own constitution through a foreign country, after our rights as a sovereign nation have been recognized by the Statute of Westminster.

Up till now, in spite of various attempts to put an end to this anomaly, the dominion and the provinces have not yet succeeded in finding a method of procedure acceptable to all parties. Let us hope that this will not be too long delayed. For the time being, I will merely observe that the constitution should not be left simply to the mercy of a parliamentary majority which might alter its spirit.

It has been claimed that the provinces should have been consulted.

In the first place, I must say that I cannot accept the argument propounded by the Minister of Justice to the effect that this matter of representation in the House of Commons concerns the dominion exclusively and affects the provinces in no way whatsoever. To my mind, this problem takes on a dual aspect and has a bearing on both the dominion parliament and the provinces since it is in the interest of the latter to have in the federal sphere

a fair and equitable representation. I believe the Minister of Justice would have been well advised if he had consulted their delegates at the recent interprovincial conference held at Ottawa or otherwise. The fact that the provinces were not approached, however, should not prevent a member of the dominion parliament from voicing his opinion on the merits of the resolution now before the house.

What is the object of this resolution? It seeks to right the injustice inflicted on the province of Quebec to an increasingly marked degree in violation of an agreement entered into by the provinces relating to representation on the basis of population. We are not concerned with passing legislation to amend the British North America Act; we have neither the right nor the power to do so, nor have the provinces, for that matter, since the B.N.A. Act is an imperial statute which the Imperial Parliament alone may alter. We are concerned only with expressing a recommendation with a view to righting an injustice which springs from the legal interpretation given a clause of the B.N.A. Act and distorting its spirit. This recommendation, according to the practice observed due to the lack of some other recognized procedure, is presented to the United Kingdom Parliament which is alone authorized to amend our constitution and grant our request.

As member for a Quebec riding affected by this situation, I deem it my right and duty to support this resolution. In expressing this attitude, I feel that I am carrying out the spirit set forth in the resolutions passed by the provinces which subscribed to the agreement; these resolutions, of which the B.N.A. Act is but the legal embodiment, intended the provinces to be represented in the Dominion Parliament in proportion to their population. We were to be on an equal footing, but we are not. Let us put things right.

As far as the provinces are concerned, nothing prevents them from voicing their opinion on the merits of this bill.

Those wishing to see this obvious unfairness rectified could express a recommendation identical with the one set forth in the resolution; they might even have done so earlier, since the injustice has been manifest for some thirty years at least. On the other hand, those wishing to perpetuate the injustice inflicted on Quebec could protest against the step taken in this instance by the dominion parliament and express their grievances to the only authority at present entitled to hear them, that is, the imperial parliament which is empowered to amend the text of our constitution and to render a final decree. I hope all the provinces will voice their opinion so that the people of Quebec may know what guarantee of fairness confederation holds in store for them in the future.

The hon. member for Lake Centre moved his amendment obviously with the intention of defeating the resolution.

The resolution would correct an injustice while the proposed amendment would perpetuate that same injustice. Such, in brief, is the situation.

According to the terms of the amendment, the government would be required to consult with the different provinces and could only proceed with the resolution upon satisfactory conclusion of such consultations. Who shall decide whether the consultations gave satisfactory results and who would such results have to be satisfactory to? From the stand taken by the Progressive Conservative group, only one solution would be satisfactory to them and that would be to deprive Quebec forever of her right to a fair representation.

In fact, the amendment leads but to the maintenance of a status quo perpetuating an injustice.

Before closing my remarks, I wish to underline certain contradictions in the attitude of hon. members who have put forward the constitutional argument.

In 1943 the government moved an amendment to our constitution which seriously affected Quebec's right to a fair representation. Not only were the provinces not consulted, but the Quebec legislature protested unanimously.

Here is what Bernard K. Sandwell, editor of the Toronto weekly *Saturday Night,* wrote on August 7, 1943, regarding the consequences of such an amendment. I quote:

> The present amendment does very gravely affect the right of the people of Quebec, not as electors of the Quebec legislature, but as electors of the dominion parliament. It considerably curtails the proportion which their representation, as provided by the B.N.A. Act, bears to the representation of certain other provinces and therefore of the rest of Canada taken as a whole.

Neither the hon. member for Lake Centre nor the hon. member for Davenport tried to uphold the constitution; on the contrary, they both supported the amendment. Quebec was to be treated unfairly, so there was no question of consulting the provinces or of respecting their views; there seemed to be no principle involved and there was no need then to quote so extensively from the utterances of former statesmen.

To-day, three years later, we have before us a bill which would correct an injustice with regard to the representation from the province of Quebec, in accordance with the

spirit of the confederation pact, and immediately there arises the question of principle. The text of the constitution must not be tampered with, even to give it its true meaning. I find with amazement that those same hon. members are also asking for a postponement of the redistribution until 1952, thus renewing the injustice of 1943—which would necessitate our amending the constitution—without consulting the provinces. Rarely have I witnessed a more glaring example of inconsistency.

As a parting remark, I submit to the consideration of those who so often speak of national unity, the following extract from an article on Quebec's representation, which appeared in the 15th of March edition of *Maclean's Magazine*. I quote:

Redistribution of parliamentary seats likely will be one task of parliament's new session. It will perhaps do a service to national unity if English-speaking Canadians realize that Quebec is underrepresented in parliament as we stand now, and some of the English-speaking provinces are overrepresented.

Mr. L. PHILIPPE PICARD (Bellechasse) (Text): Mr. Speaker, there are two principles involved in the resolution before us. First, there is that of the representation in the House of Commons from each province, and then that of the amending of the British North America Act, which latter question leads us to the broader aspect of our whole constitutional set-up. Let us admit at once that the government had no alternative but to bring forward a measure providing for the redistribution of seats at this session or at least before the next general election. It was strange to hear some speakers urging us to follow strictly the provisions of the British North America Act and then immediately afterward suggesting that we should postpone redistribution until after the next census. If it was wise, and in my opinion it was, to postpone such a measure during the war, it is imperative that such a measure be introduced now.

When considering whether or not we approve the new basis of representation, we are faced with a principle that has been the subject of long deliberations since the advent of democratic parliamentary institutions, that is, representation by population. It is not by far the only method in countries where there are minorities, but there, as in more homogenous countries it has been recognized as the most equitable.

Representation by population was not provided in the Union Act of 1840. Article IV provided for the appointment of the legislative council and fixed the number of councillors at twenty or more, to be appointed by the governor, but did not provide that they should represent any district or section of the united province. Article XII provides:

And be it enacted that in the legislative assembly of the province of Canada, to be constituted as aforesaid, the parts of the said province which now constitute the provinces of Upper and Lower Canada respectively, shall, subject to the provisions hereinafter contained, be represented by an equal number of representatives to be elected for the places and in the manner hereinafter mentioned.

In 1840 the population of Lower Canada was 716,670 and the population of Upper Canada was 432,159. It is to be noted that opinion on this question of representation has varied considerably. You see those who at one moment would have lost seats or proportionate influence by its application objecting strenuously to it, and the same people a few years later claiming loudly that they should get it when the position is reversed and they would benefit by it. As I stated a moment ago, in 1840 the population of Upper Canada was substantially less than that of Lower Canada, so that representation by population was opposed by Upper Canada and, despite the protests of Lower Canada, the representation of each section of the united province was set at an equal number; it was forty-two for each section from 1840 to 1854, when it was raised to sixty-five members for each. That arrangement lasted until confederation.

The census of 1851 showed that Upper Canada had gained considerably and had reached 952,000, while Lower Canada had at that time only 890,000. In 1855 a movement was started in Upper Canada claiming representation by population, and when the census of 1861 revealed that Lower Canada had only 1,100,000, while Upper Canada had 1,400,000, the movement gained momentum and the situation became acute as to the respective representation of the two sections of the united province. By that time Lower Canada also had reversed its stand. It was of the opinion that if equal representation has been considered good by Upper Canada when that section was less populous, it was equally good when the relation between the population of the two provinces had changed. When Sir John A. Macdonald reviewed the unsatisfactory conditions that marked the last years of the Union he had this to say:

The next mode suggested—

He was speaking of the difficulty of settling conditions as between the two provinces.

The next mode suggested was the granting of representation by population. Now we all know the manner in which that question was and is regarded by Lower Canada; that while in Upper Canada--

Mark these words:

—the desire and cry for it was daily augmenting, the resistance to it in Lower Canada was proportionately increasing in strength. Still, if some such means of relieving us from the sectional jealousies which existed between the two Canadas, if some such solution of the difficulties as confederation had not been found—

Mark again these words:

—the representation by population must eventually have been carried; no matter though it might have been felt in Lower Canada as being a breach of the Treaty of Union, no matter how much it might have been felt by the Lower Canadians that it would sacrifice their local interests, it is certain that in the progress of events representation by population would have been carried.

The fathers of confederation provided for it in article 17 of the resolutions of Quebec and in article 18 of the London resolutions in the following words:

The basis of representation in the House of Commons shall be population.

This principle was implemented by article 40 of the British North America Act which determined the respective number of members from the four provinces at the first election.

Article 51, as we all know, provides for readjustment and sets the rules that should govern it.

Previous speakers have wondered why Quebec was taken for the pivot province, and some nationalists in my province appear to have seen in that fact some sort of protection or guarantee for them. I would say this, that nowhere can be found in the documents or speeches or letters available on the question anything that would warrant ascribing that motive to those who drafted the resolutions. The idea that Quebec gained by being the pivot province is a myth. The interpretation of article 51(4) has even worked against the pivot province by doing away with true representation by population. The moment that true representation by population exists, every province is in the same relation to the others whether there is a pivot province or whatever is the device used to determine the representation. The method of amending the act constitutes the only way to prevent any dangers to the rights of any province. I will treat that later in the second part of my remarks.

As to the choice of Quebec as the pivot province, we have the declaration of Sir John A. Macdonald, made in February, 1865, when he explained to parliament the project of confederation. He said, during the course of his monumental address:

(We chose Quebec) that province being the best suited for the purpose, on account of the comparatively permanent character of its population, and from its having neither the largest nor least number of inhabitants.

That satisfies me as being as good a reason as any I know for choosing Quebec at that time as the pivot province. The method had been chosen to ensure representation by population and yet to avoid what Sir John A. Macdonald called "the danger of an inconvenient increase in the number of representatives on the recurrence of each decennial period." The method, as we know, was to divide the population of the province that had neither the largest nor the lowest number of inhabitants and whose population had a comparatively permanent character, and according to her population determine the representation of the other provinces.

Why the number 65, is another question that has been asked. Of course, as we see in article 40 of the British North America Act, Lower Canada in 1867 was divided into 65 electoral districts. One reason for selecting Quebec might be thus related to the method provided in the present resolution before the house in this respect, that both methods devised to ensure true representation by population had also the added aim of not reducing the existing number of members at the moment of the change. As we have seen Lower and Upper Canada has respectively 65 members. Representation by population would have been just as well ensured by keeping Ontario's members at 65, but then Quebec would have lost 14 members. To many people this would have been much less acceptacle than for them to keep what they had and for Ontario to gain 17 members. What we are doing to-day is the same process in reverse. If we had true representation by population and Quebec's representation were still fixed at 65, Ontario would have only 74 seats. By the method followed in the present measure Ontario not only does not lose but gains one seat, while Quebec gains eight. The present government by following this method shows the same regard for the feelings of Ontario that the fathers of confederation had for the feelings of Lower Canada in 1867. Instead of reverting to true representation by population by reducing the membership of certain provinces, it secures that result by a new device which does not reduce substantially the representation of any province but increases that of three.

An hon. member criticized increasing the membership of this house. May I remind him of Sir John A. Macdonald's words in this regard. But before I do so, let me point out that in the parliament under the Union there were 130 members for Lower and Upper Canada when their joint population was two and a half million. That would mean that we would now have 592 members in this

house, a ridiculously high number. Taking the representation given in 1867 to Ontario and Quebec, 147 members, we would now have 669 members, which would have been an abnormally high number. But just the same Sir John A. Macdonald did not think the number of members set at the time was high but rather that it was not high enough. I might be permitted to quote him in this regard. He said:

> I was in favour of a larger house than 194, but was overruled. I was perhaps singular in the opinion, but I thought it would be well to commence with a larger representation in the lower branch. The arguments against this were that, in the first place, it would cause additional expense—

That is an argument that is being made to-day by his inheritors. He went on:

> —in the next place, that in a new country like this, we could not get a sufficient number of qualified men to be representatives. My reply was that the number is rapidly increasing as we increase in education and wealth; that a larger field would be open to political ambition by having a larger body of representatives; that by having numerous and smaller constituencies, more people would be interested in the working of the union, and that there would be a wider field for selection for leaders of governments and leaders of the parties. These are my individual sentiments,—which, perhaps, I have no right to expres here—but I was overruled, and we fixed on the number of one hundred and ninety-four, which no one will say is large or extensive, when it is considered that our present number in Canada alone is one hundred and thirty. The difference between one hundred and thirty and one hundred and ninety-four is not great, considering the large increase that will be made to our population when confederation is carried into effect.

That so-called "large increase" at the time meant a total population of four millions. Can it be said that, in order to bring a true measure of representation by population, it is extravagant to increase the membership by ten in order to avoid the necessity of reducing it by seven if we followed the old method foreseen by article 51?

Sir John A. Macdonald also stated:

> In the formation of the House of Commons the principle of representation by population has been provided for in a manner equally ingenious and simple.

I contend, Mr. Speaker, that the manner provided for in the measure now under study for the restoration of the true representation by population as intended by the fathers of confederation according to their numerous statements is also a manner equally "ingenious and simple", to use Sir John's words, that commends itself to the sense of justice and equity of all those who believe in true representation by population.

The fact, Mr. Speaker, that we have no definite provisions for amending our constitution or our so-called constitution is not conducive to a healthy state of affairs. That very lack constitutes a danger in this way, that it leaves open to argument the methods for amending and the conditions which must be followed. On certain amendments of the British North America Act, about certain clauses, any interpretation is as good as another, whether or not the parties to the pact are to be consulted. Previous speakers have enumerated the eight different amendments of the British North America Act since it came into force, and I am not going into that again; but on no occasions have the provinces been consulted, although it might be said that in 1907 the amendment provided for a revision of the scale of subsidies to the provinces, and that came after resolutions passed by the provincial conferences of 1887, 1902 and 1907. Yet on two occasions the question of representation in the Senate, on one occasion the representation in this House of Commons, were involved and the provinces were not consulted, although the measure changed in a sense the balance of sectional power. The act of 1886 authorized the parliament of Canada to make provision for the representation in the Senate and the House of Commons of Canada, or in either of them, of any territories which for the time being form part of the dominion and are not included in any province thereof. The act of 1915, as has already been stated, raised the number of senators to ninety-six and increased the divisions of Canada from three to four, and provided for a different mode of representation for Prince Edward Island. To-day we have a resolution proposing a third amendment affecting the representation.

Having regard to the procedure followed in the past of not consulting the provinces on such a question, I ask myself, has parliament the power to deal with this matter of representation? To this I answer: in default of any definite rules on the matter in the British North America Act, and since the provinces are represented in this parliament, I consider that we have sufficient authority.

My second question is, does the redistribution of seats provide a true way of bringing about a fair measure of representation by population? To this I have already built up my case for the affirmative in the first part of my remarks.

My third question is, are we in this resolution carrying out the wishes of the founders of confederation? My answer is, not only are we doing that, but we are correcting a

state of affairs which they had surely not foreseen when they enacted subsection 4 of section 51; that is, representation disproportionate to population given to the largest province.

Having thus satisfied my conscience, I shall vote against the amendment and for the resolution.

However, I am not willing to let the case rest with such a conclusion, and I feel that I must pursue farther the aspects of the question having regard to the future. Does this procedure which has been followed in the past, and which now I am about to support by my vote, guarantee a safe element of stability between federal and provincial rights, and is Canada's constitutional position consistent with its status of a sovereign state? These are two broad questions, and I have very little time to do them justice.

The hon. member for Lake Centre (Mr. Diefenbaker) has quoted an impressive list of authorities to uphold the theory that the provinces ought to be consulted in a question of this kind. I have made a review of many of his quotations, and I am quite in agreement with them on one point, that it would be a most unhealthy practice for this house to go on forever assuming the right to press for amendments to the British North America Act without devising some way of obtaining the views of the parties who entered into the contract or the treaty whose terms are the Quebec resolutions. I do not intend to start an argument as to the nature of the agreement which led to the passing of the British North America Act. Surely the latter is not an instrument which should be continually amended at will by the federal parliament alone. I may be wrong, but I feel I am in good company when I say that.

Parliament appears to have been created by the act of a superior legislative body; yet this is not true, and the appearance results from a situation peculiar to our condition of colonies at the time of confederation, because the pact was the resultant of negotiations and agreements between equals at the time. The Act of Union of 1840 was *de jure* and *de facto* the mere expression of the will of the British parliament about the management of some turbulent colonies to which it was granting its first responsible government. Therefore it could have been amended by the constituting authority without any consultation with the colony. The British North America Act, however, was not imposed on Canada. It came as the result of long negotiations initiated by the colonies and taking place among themselves without the intervention or control of Great Britain. All the correspondence and the documents pertaining to these negotiations point to the origin from within and not to the imposition from without. They show the desire and anxiety of a group of enlightened men who were far from being geniuses but who were men of good will and courage, who understood that their respective and joint interests would be better served if they united together.

Speeches made at the time of confederation and the interpretations by all constitutional authorities lead to the conclusion that Macdonald and Cartier wanted to create a strong central government, while at the same time assigning to the provincial legislatures definite and enumerated powers. We do not have to go over all the reasons which made a federal union the most acceptable scheme to the colonies and the most practicable in the circumstances; but it is evident, not only by the text of the British North America Act but by the speches made by the fathers of confederation, that they wanted a strong Canada with the central government as the predominant factor. On the other hand, we know from Sir John A. Macdonald's own lips that not only Lower Canada but the maritime provinces would not have joined in a legislative union. By what has happened since then, and even very recently, we know that the provinces are jealous of their powers and prerogatives, not only as concerns personal and property rights or minority rights, but also on the other items over which they have been clearly given authority, not to mention those which they are trying to get by broader interpretations of article 92.

Mr. Speaker, hearing some provincial leaders, one might think the Canadian parliament is a foreign institution instead of being made up of representatives of all the provinces.

I am one of those who believe that Canada must emerge out of these differences a bigger and better country with strong national legislative institutions, and I believe that the interests of the nation are not well served by the constant expansion of provincial authority in fields where no civil rights are involved and no minority rights are endangered. Nevertheless, if we have a federal form of government as a result of agreement between different bodies such agreement should not be tampered with in matters of respective powers without some sort of consultation. Instead of arguing repeatedly in academic debates whether this method or the other should be used for amending the act of confederation, we should recognize once and for all that, since it does not contain in itself the necessary provisions for its amend-

ment, we should take the necessary steps to provide for them by agreement between the dominion and the provinces.

There are three known methods of changing the constitution: First, by growth of convention or custom; second, by progressive judicial interpretation; finally, the method of formal amendments. Speaking before the special committee on the British North America Act sitting in 1935, the late Doctor O. D. Skelton, then under-secretary of state for external affairs, had this to say of these methods of changing the constitution which had been advocated as sufficient by the previous witness:

I think that, however useful and necessary these two methods may be, they are not adequate, they are not certain, they are not sufficiently rapid to meet rapidly changing needs. Courts may modify; they cannot replace them. They can revise earlier interpretations as new arguments, new points of view are presented, they can shift the dividing line in marginal cases, but there are barriers they cannot pass, definite assignments of power they cannot reallocate.

Other speakers have wondered why the resolutions of Quebec did not advocate any method or provide any method of amending the provisions therein contained. It may be said that in 1867 Canada was still a colony and the only authorized body to legislate on the shaping of our institutions was the British parliament. It had done so in 1771 and in 1840. Neither act provided for its own amendment. Britain alone could amend the act it had consented to pass at the time, and I suppose that with the mentality of the time it was not considered decent for a colony to tell the mother country how to act. That was the period when Sir John A. Macdonald, despite his strong expressions of Canadian nationalism, yet qualified meekly some of his statements, as follows:

Instead of looking upon us merely as a dependent colony England will have in us a friendly nation, a subordinate people.

And later on he said:

She—

Britain.

—will be able to look to the subordinate nations in alliance with her.

Well, we are no more a subordinate nation and the time has come for us to enact our own constitution. As Doctor Skelton also stated in 1935:

The Canadian constitution, or the British North America Act, which is the backbone of it, is unique in that we alone of all peoples do not know how our constitution is to be amended, are not clear as to what parties are to act in securing amendment, what procedure is to be followed, or what majorities are to be required.

Our sister dominions all have power to amend their constitution. In the case of South Africa, it passed a constitution act in 1935, which modifies the British act of 1909. New Zealand was constituted by an imperial act in 1852, and it had a system, federal only in name, with the power for parliament to alter from time to time any provisions of the act. The constitution of Australia dates from 1900, and provides specifically for amendments.

Referring to the changes between these constitutions and the British North America Act, Doctor Skelton stated:

A generation later, when Australia came to frame its constitution, and nine years later still when the South Africa Act was passed, a marked change in interimperial relations had come about and continued control by the United Kingdom was no longer conceivable. Neither dominion was prepared to leave future amendment to Westminster and definite provision was made for amendment at home. Canada was mainly responsible for the growth in interimperial relations which brought this about but its own constitution remained in form the vestige of an earlier day, while its younger sisters obtained up-to-date models.

We shall always have with us that problem of dominion and provincial powers; we shall always have these recurrent disputes about amending the act of confederation until we tackle the broader problem of enacting for Canada a truly national constitution. Professor F. R. Scott of McGill university stated lately:

The practice of going abroad for such national legislation seems too incongruous to survive for long.

But it is not only the awkwardness of the process that concerns us, which should justify a change in our constitutional set-up. Our status as an independent and sovereign state makes it imperative for us to remove once and for all that vestige of colonialism. Instead of sharing the fears of certain timid souls in my province for a truly Canadian constitution which should be amended according to definite rules, I have always believed it could easily be framed so as to protect essential rights.

Professor Angus of the university of British Columbia is of the same opinion when he states:

It is imperative to make provision for the formal process of constitutional amendment for the sake of protecting provincial governments against the insidious development of constitutional conventions of preserving a federal form of government.

There is another and most serious argument operating in favour of our having a constitution of our own and of our being able to amend it according to definite and sufficiently pliable lines or rules. It is Canada's present position in the field of international affairs. It is Canada's necessity at times to enter into treaties and conventions. More and

more, the influence of economic conditions throughout the world will have a bearing on the maintenance of peace. More and more, the nations of the world will have to collaborate in economic and social matters. More and more, agreements will have to be negotiated to ensure and implement such collaboration.

At the present moment the social and economic council of the united nations is meeting in New York; its six committees are studying a multitude of problems whose effective solution would demand international collaboration and would demand, afterwards, the implementing of those resolutions by national legislation enacted by all the signatory members. Mr. A. G. B. Fisher, writing recently on "International economic collaboration and the economic and social council," aptly stated:

> Talk about cooperation, coordination, or collaboration is rather hollow if we are prepared to participate in international conferences and discussions only with the implicit reservation that we are not to be expected to make any substantial modification of policies which we have already decided to apply.

Canada, because of the position she has secured in international affairs, due to her potentialities, but mainly due to the role she has played in the economic and industrial field during the last war, cannot to-day remain indifferent to world trends in economic and social matters. She cannot shirk the responsibilities and obligations imposed upon her.

How would Canada be able to implement agreements she might enter into under our present constitutional set-up? Professor Angus of the university of British Columbia, in an article entitled, "The Canadian constitution and the united nations charter," states:

> The existing policies which me may have to modify may be either federal or provincial, and it will therefore be extremely serious if constitutional impediments continue to obstruct the conclusions or the implementation of agreements on economic and social matters.
>
> In short it is not safe for Canada to leave the constitutional position with respect to the implementation of treaties as it stands under the British North America Act. It is not easy to point to a solution which would maintain the fundamentally federal character of the Canadian constitution. If the process of treaty-making is easy, as it is in Canada, the power to implement any and every treaty would be tantamount to the power to amend the constitution at will and the exclusive legislative powers of the provinces would exist merely on sufferance.
>
> If treaty-making were difficult, as it would be apt to be if the consent of a large proportion of the provinces were required, then the progress of international cooperation would be blocked at the outset. It would, therefore, not meet the difficulty if the Canadian government were to be given full power to enact legislation designed to implement Canadian treaties but were required to secure ratification of these treaties by some process designed to protect the provinces.

Now, Mr. Speaker, we have two objects to attain: first, do our share of the work to bring about better international cooperation in the economic and social field; and, second, do it in such a way as not to affect the rights of the provinces as attributed to them under article 92, or so as to secure an understanding with them on such matters as regards our multilateral international agreements.

The federal government, of course, can enter into a treaty with any foreign power; but, on the other hand, it cannot under the British North America Act do things or pass laws that are within the legislative competence of the provinces.

At the present time we have no machinery devised to enable us to correct this situation. If we assumed these rights by a process similar to the one we are using in the present instance, our form of government would ultimately lose its federal aspect. On the other hand, if we had to secure approval or ratification in each and every case through the medium of dominion-provincial conferences, the processes would be too clumsy and too slow. Such situations could be foreseen in the drafting of a Canadian constitution and the proper machinery provided for amending it.

A constitution is the basic and most important feature of legislation that any country may enact. A constitution is the foundation-stone of a state; it is the compound of general principles that govern the political life of a country. As Professor Mirkine-Guetzevitch says in his book entitled, "The Constitution of New Europe":

> The constitution of each state is always the result of a compromise between existing political traditions and the general principles of constitutional law, and its elaboration and drafting are of the competence of juridical science. Constitutional law is not something immovable; it is modified by the march of ideas and of political events.

The famous Sieyes said at the time of the French revolution:

> The positive laws that can emanate only from the will of the nation are the constitutional laws. These are called fundamental, not in the sense that they may become independent of the national will, but because the bodies created by them acting according to them cannot touch them. The constitution is not the work of the constituted but of the constituent power.

What body, then, in Canada should be the constituting authority? I wish to quote here a brief extract of the evidence given by Doctor Beauchesne, K.C., C.M.G., LL.D., before the committee that sat in 1935. Doctor Beauchesne said:

> Drafting a constitution is a serious matter, particularly in a federated country like Canada. Suggestions have to be weighed with calm deliberation and reconciled with the needs of the

nation. Some plan embracing the whole life of the nation has to be accepted. Geography, natural resources, avenues of trade, transportation, social legislation and racial harmony have to be considered. It is idle to think that this can be done in the same formal way as an amendment to a public statute. The new constitution must leave nobody with a grievance. A spirit of conciliation should predominate. For these reasons, the task must be entrusted to an independent body in which all the elements of the country will be represented. I, therefore, beg to suggest an imposing constituent assembly formed of eminent men coming from all parts of Canada. Provincial conferences, attended by a few ministers meeting behind closed doors, would hardly satisfy public opinion. The debate should be public. I submit that a constituent assembly, chosen by the provincial legislatures and by the House of Commons, representing the main political parties and groups in proportion to the votes given at the last general elections, should meet in session and discuss the constitution from all its angles.

Later on, Doctor Beauchesne said:

The number of members representing the dominion and each province would be equal to one-fourth of the membership of all those legislative bodies in Canada.

Then he gave a suggestion that the British North America Act should be transformed into a constitution which would meet the requirements of present conditions but still preserving the minority rights guaranteed by the said act. Then he went on to state that:

Once a constitution has been passed by the constituent assembly, it should be adopted by each province and by the dominion, but before coming into force it should receive the assent of His Majesty.

The British North America Act should be the basis of the new constitution. Some articles which are now spent could be well left out. A method of amendment should be provided, and special clauses should deal with the powers of the federal parliament in relation to the implementing of multilateral international agreements.

May I at this point commend the reading by everyone who is interested in our constitutional problems a book entitled, "Problems of Canadian Sovereignty" by Doctor Maurice Ollivier, K.C., LL.D., which has already been quoted by the hon. member for Lake Centre. It is a most remarkable book. Doctor Ollivier also made a splendid contribution to this subject when he appeared before the special committee of 1935, and his whole evidence is food for thought.

I do not want to enter into the details of the procedure suggested by Doctor Ollivier. The hon. member for Chambly-Rouville (Mr. Pinard) has already touched on one point in the good speech he made last Thursday, namely, the order in which the constitution should cover the different items of the British North America Act. The procedure for amendment of the different articles of the constitution, would also demand longer time than I have at my disposal, but I should like to quote the following from Doctor Ollivier's book:

The fundamental principle, which is at the basis of social, political and parliamentary institutions of British democracy, is that the state exists to serve the individual and in doing so that it serve the general interest, not only of the nation, but of all nations. The state should take note of the aspirations and rights of its different parts, in the present instance, of the provinces, but the provinces themselves should in their turn be careful not to destroy the unity which the fathers of confederation tried to create.

Here, as in England, political liberty is the goal of the constitution, for rulers are created for the benefit of the people and not people for the benefit of the rulers. We should, therefore, bend our efforts to maintain in this country popular government, individual liberty and social justice as the only means capable of assuring to all, an equal chance to work and to profit from the better life that comes with material progress, in other words, of guaranteeing to all, freedom from want and freedom from fear, remembering that economic and political nationalism has always, in the past, created racial strife and world disasters.

In line with these words, I personally would include in the constitution not only the provisions of the British North America Act but such an act as was suggested sometime ago by the hon. member for Lake Centre, namely, a bill of rights, which should be part of our constitution.

In conclusion, may I say that Canada has reached the adult stage. She has emerged from the war as one of the very few creditor nations. She is now the third largest trader in the world. She has a role to play in the after-war commensurate with her new stature. She has outgrown her outmoded, colonial style constitution, and it is time for her to assert her national will and to take her place among those nations of the world which have elaborated constitutional monuments as their basic law. Canada owes it to herself to nominate a constituent assembly and to draft a new constitution. How fitting it would be if the party which has always been to the forefront in the enactment of forward and emancipated measures and the Prime Minister, (Mr. Mackenzie King), who has attached his name to so many progressive moves and who has for longer than anyone led our country through war and peace with such ability, should initiate the necessary steps to give the people of Canada a long-awaited Canadian constitution.

Mr. JOHN T. HACKETT (Stanstead): Mr. Speaker, the motion which the Minister of Justice (Mr. St. Laurent) has brought before the house entails the consideration of

at least two questions: that of giving adequate and fair representation to the people of each of the nine provinces, and that of determining if an amendment of the British North America Act is necessary to bring about the desired equality of representation. In the latter hypothesis I am willing to endorse what has been said by the hon. member who immediately preceded me, who reiterated what is known to every hon. member, namely, that unlike the constitution of the United States and those of the other members of the British commonwealth, our constitution is without any specific means of amendment. An attempt to amend a document, especially a constitution, when no specific method is provided for carrying it out, is a perilous undertaking.

At this juncture I should like to say to the hon. member for Beauharnois-Laprairie (Mr. Raymond) that any reluctance on the part of the party to which I owe allegiance to entrust the right to amend the constitution to the whim of a party should not be interpreted as direct opposition to rectifying the inequality of representation at present existing between the different provinces. I can assure the hon. gentleman that if he allows the generosity which guides his steps in so many walks of life to dictate his appraisal of his opponents he will come to the conclusion that there may be sound and salutary reasons for objecting to the present suggested means of amending the constitution, reasons in fact quite other than that of desiring to retard the hour of equality of representation within the dominion of the province of which we are both citizens and devoted sons.

On motion of Mr. Hackett the debate was adjourned.

On motion of Mr. St. Laurent the house adjourned at 10.57 p.m.

Wednesday, June 12, 1946.

The house met at three o'clock.

COAL

UNITED STATES EMBARGO—MOTION FOR ADJOURNMENT UNDER STANDING ORDER 31

Mr. T. L. CHURCH (Broadview): Mr. Speaker, I ask for leave to move, seconded by the hon. member for Davenport (Mr. MacNicol), the adjournment of the house under standing order 31 to discuss a definite matter of urgent public importance, namely, the United States embargo placed on coal and fuel on the great lakes, and the grave peril of Canadian homes being without any supply during next fall and winter, and as to the announcement on June 11 by the Ore and Coal Exchange of Cleveland of said embargo in view of the Canadian lake shipping strike.

This is a very grave emergency, as grave as in 1917. A year ago we had a coal pile of 800,000 tons in the ship channel in my constituency. On Sunday I visited it and it was down to 10,000 or 12,000 tons, and the coal piles of other municipalities are down in about the same proportion.

I understand that the Minister of Reconstruction and Supply (Mr. Howe) is away today. I do not wish to interfere with the business of the house, but perhaps I might be allowed to speak for three or four minutes. I am doubtful, however, whether in that case the discussion could be revived to-morrow because of standing order 31(6)(c). But as there is a grave national emergency, the worst in our history, I suggest that I might be allowed to speak for a few minutes.

Mr. SPEAKER: The hon. gentleman has asked for leave to move the adjournment of the house under standing order 31 to discuss a definite matter of urgent public importance, namely, the United States embargo placed on coal and fuel on the great lakes, and the grave peril of Canadian homes being without any supply during next fall and winter—I emphasize those words, "during next fall and winter"—and as to the announcement on June 11 by the Ore and Coal Exchange of Cleveland of said embargo in view of the Canadian lake shipping strike.

I wish to make a comment, for the benefit of the house more especially, on one point made by the hon. gentleman on the question of urgency. Urgency within the meaning of the rule is not a question whether a matter proposed to be discussed is of urgent importance. It may be of infinitely urgent importance to those affected. The question is whether it is urgent within the meaning of citation 239, Beauchesne's Parliamentary Rules and Forms; in other words whether it is a matter of such urgency that harm would be caused to the public interest if by the ordinary opportunity provided by the rules of the house an hon. member were not able to bring the subject before the house soon enough. In the present case I am of the opinion that there is no urgency to adjourn the house today to discuss the subject, because the minister of the department concerned is not in the house this afternoon. Consequently I would rule the motion of the hon. gentleman out of order.

Mr. CHURCH: Mr. Speaker, in reply I would like to say that we get our coal very largely

from lake Erie ports, from Buffalo, Cleveland and others, and as a result the situation of our people is a matter of great urgency.

Mr. SPEAKER: Order. I would suggest that the hon. gentleman, if there is no other opportunity to discuss the matter, should wait until the minister is back in the house.

Mr. CHURCH: Under the rules, Mr. Speaker, you have the responsibility of deciding whether a matter is urgent or not. Surely, in view of the condition prevailing in Toronto, and all Canada, the urgency is more important than adherence to some rule made three hundred years ago, particularly in view of some of the secondary subjects with which we have dealt since the beginning of the session.

Mr. SPEAKER: Order. I have explained why in my opinion the motion of the hon. gentleman is out of order, and I would ask that the house proceed with its business.

Mr. CHURCH: I understand from Your Honour's statement that I may bring the matter up to-morrow when the minister returns. That is satisfactory to me.

QUESTIONS

(Questions answered orally are indicated by an asterisk).

RADIO BROADCASTING—CLASS 1-A WAVE LENGTHS

Mr. DIEFENBAKER:

1. On what date was it decided that class 1-A wave lengths now being used by privately-owned broadcasting stations would be reserved for the ultimate use of the Canadian Broadcasting Corporation?

2. Were the privately-owned stations operating on such wave lengths advised of this decision? If so, when?

3. Do licences of such private stations carry an endorsation to that effect? If so, since when?

Mr. McILRAITH:

In so far as the Department of Transport is concerned:

1. April 16, 1937.

2 and 3. When the North American regional broadcasting agreement came into force on March 29, 1941, three of the six class 1-A channels assigned thereunder to Canada were already in use by the Canadian Broadcasting Corporation.

The remaining three class 1-A channels were assigned provisionally to station CFRB at Toronto, station CKY at Winnipeg, and station CFCN at Calgary.

The licences issued for these stations for the fiscal year 1941-42, which were dated April 1, 1941, and were forwarded to the respective licensees under covering letters dated May 15, 1941, bore the following endorsation:

"This frequency is assigned subject to the provisions of regulation 15 of part II of the radio regulations issued by the minister in accordance with section 4 of the Radio Act, 1938."

Regulation 15 provides as follows:

"The allotment of a frequency or frequencies to any station does not confer a monopoly of the use of such frequency or frequencies, nor shall a licence be construed as conferring any right or privilege in respect of such frequency or frequencies."

Licences issued for these stations for the fiscal years 1942-43, 1943-44, and 1944-45 carried the same endorsation.

Licences for these stations dated April 1, 1945, bore the following endorsation:

"The frequency of ....Kc/s per second being a clear channel is definitely reserved for the national system of broadcasting and this station is authorized to use this frequency provisionally until such time as it may be required for and assigned to the Canadian Broadcasting Corporation."

WARTIME HOUSING—YORKTON, SASK.

Mr. CASTLEDEN:

1. What different types of houses are being built in the city of Yorkton by Wartime Housing Corporation?

2. How many of each different type will be built under the present contract?

3. What will be the cost to the government of each type of house?

4. How many of these houses are being built with basements?

5. Has any arrangement been made whereby these houses will be exempted from municipal taxation?

6. If so, for what period of time?

Mr. McILRAITH:

1. Three types: 4-room, 5-room and 6-room houses.

2. Type

	Number of houses	
	Project No. 1	Project No. 2
4-room	23	9
5-room	21	12
6-room	6	4
	50	25

3. Type

	Estimated unit price	
	Project No. 1	Project No. 2
4-room	$3,671 44	$4,090 48
5-room	4,720 42	5,250 57
6-room	4,812 95	5,360 16

4. None.

5. These houses are the property of His Majesty the King in the right of Canada and therefore exempt from taxation. Under agreement between the municipality and Wartime Housing Limited, however, the latter agrees to make annual payments in lieu of taxes of $24 for each 2-bedroom house and $30 for every house with more than 2 bedrooms; also $1 per house per annum for street lighting.

6. For project No. 1, period is to March 31, 1960; for project No. 2, period is to October 31, 1961. Both projects numbers 1 and 2 are subject to the following provision made in the escalator clause:

"Should the cost of construction of each house exceed or be less than $4,000 the period provided in the agreement shall be increased or decreased by one year for each full amount of $200 by which the said cost exceeds or it lessens $4,000."

NATIONAL FILM BOARD—WORK IN SOUTH AMERICA

Mr. FULTON:

1. Did the National Film Board send a party including a M. Andre de Tonnancour to South America to make a film?
2. If so, how many were in the party and what are their names and their duties for that trip?
3. What is the approximate mileage to be covered, and expected duration of the trip?
4. What is the estimated cost of this trip, and of the film when it is completed exclusive of salaries of those who are engaged in making it but including any expense accounts arising by virtue of the voyage?

Mr. CLAXTON: The information asked for is as follows:

1, 2, 3 and 4. No. Arrangements are under consideration to send a cameraman, M. Andre de Tonnancour, on a 7,000 mile trip in a schooner which is sailing from Gaspe to Rio de Janeiro at an expense of $125 per week for not more than 20 weeks. This would result in a coloured film on the voyage and places visited at a cost of approximately $6,500, besides several thousand additional feet for use in future films for the cost of film stock and processing.

GOVERNMENT COMPANIES

Mr. JACKMAN:

1. What are the names of all government companies?
2. When was each incorporated?
3. What are the powers of each?
4. Who are their directors and senior officers?
5. What was in each case the cost of operation or profit or loss during the last year of record?
6. Are any of these companies dormant at the present time?

Mr. McILRAITH: I would point out that the answers to parts 1, 2, 3, 4 and 6 are to be found in order for return No. 49 which was tabled as sessional paper No. 136 on March 15 of this year. I think the full information will be found in that order for return. As to part 5, the information is in the public accounts report tabled in the house. I suggest that the question be dropped.

Mr. SPEAKER: Parts 1, 2, 3 and 4, answered.

Mr. JACKMAN: Numbers 5 and 6 are unanswered, Mr. Speaker.

Mr. McILRAITH: It is answered.

Mr. GRAYDON: Well, what is the answer?

Mr. McILRAITH: The answers to 1, 2, 3, 4 and 6 are contained in sessional paper 136, tabled in the house on March 15, 1946. The answer to part 5 will be found in the public accounts.

Mr. JACKMAN: I do not know the names of all the government companies, and I ask the minister to supply the information. Furthermore, I might say to the house that we do not have secretarial help for all the digging that we would like to do, and we are entitled to some help from government departments in answer to reasonable questions.

Mr. GRAYDON: These things are all buried, and the hon. member wants them exhumed.

[*Later:*]

Mr. JACKMAN: With reference to the question standing in my name, Mr. Speaker, I did not catch what your final ruling was on parts 5 and 6. Are they answered or do they stand?

Mr. SPEAKER: The question has been answered.

Mr. GRAYDON: Officially answered; unofficially not answered.

Mr. JACKMAN: It is impossible for me—

Mr. SPEAKER: Order. The matter is not debatable.

GRAIN—ASSISTANCE TO ARGENTINA

Mr. ARGUE:

1. Has the Canadian government, since 1939, given assistance in any form to the government of Argentina, or to any persons or companies located in the Argentine, for the purpose of improving the production, handling, grading, shipping, storing or milling of grains in the Argentine?
2. If so, in what way was the assistance given?
3. What was the cost of such assistance in each year since 1939?
4. What benefits will Canada receive from the provision of such assistance?

Mr. ST. LAURENT: I have had inquiries made at several of the departments which might be concerned in what is referred to,

and the information I have obtained is that the only assistance, if it can be called assistance, which was made available is five or six samples, each of four or five pounds of wheat not more than half a bushel in all which were delivered in 1945 to Doctor Vivot, who was then the ambassador here, and that that was done as a usual courtesy and on the understanding that it was the kind of thing which is reciprocal. If the hon. member has in mind anything further and can give us any indication which would be helpful in making searches, I will have further searches made, but from what I have been able to learn, that is the only assistance which was given to Argentina in connection with any of the matters referred to.

Mr. COLDWELL: The hon. member (Mr. Argue) is not in his seat this afternoon, and I suggest that the question stand so that the hon. member may give the information to the minister.

Mr. MITCHELL: The information is on the record.

Mr. ST. LAURENT: The hon. member will see the answer, and if he has further indications he can give us we will be glad to have them followed up.

INDUSTRIAL DEVELOPMENT BANK LOANS

Mr. THATCHER:

1. How many loans have been made to date by the Industrial Development Bank since its inception in each of the three prairie provinces?
2. What is the total dollar value of such loans made in each of these provinces?
3. Have any new manufacturing enterprises been started in the above provinces, through making loans from the Industrial Development Bank?
4. If so, how many, and what was the nature of each?

Mr. MAYHEW:

1 and 2. The Industrial Development bank is not a branch of the dominion government but a subsidiary of the Bank of Canada.

Section 29(1) of the Industrial Development Bank Act requires that "The bank shall, within twenty-one days following the end of each calendar month, make up and transmit to the Minister of Finance in such form as he may prescribe, a statement of its assets and liabilities at the close of business on the last day of the preceding month." This statement as at April 30, 1946, appeared in the *Canada Gazette* of May 18, 1946, and showed Loans and Investments (excluding dominion government securities) at $3,174,342.64.

In addition, section 29(2) provides that "The bank shall make up and transmit to the Minister of Finance at least once in its fiscal year or more frequently if so directed by the minister, in such form as he may prescribe, a classification of loans and investments and of the loans guaranteed by it." This return, tabled in the House of Commons on December 6, 1945, showed that on September 30, 1945, there were 80 authorized credits on the books of the bank totalling $3,198,050, of which $871,752 was outstanding as shown by the balance sheet.

The classification of loans and investments by provinces at September 30, 1945, was shown by this return as follows:

	Authorized	Outstanding
Prince Edward Island ..	$	$
Nova Scotia	115,000	
New Brunswick	200,000	66,064
Quebec	1,052,500	459,912
Ontario	1,192,550	212,189
Manitoba	335,000	105,000
Saskatchewan	30,000	17,100
Alberta	135,500	
British Columbia and Territories	137,500	11,487
	$3,198,050	$871,752

3. Not of government record.
4. Answered by No. 3.

LABOUR CONDITIONS—TYPOGRAPHICAL UNION, WINNIPEG

Mr. STEWART (Winnipeg North):

1. On what date did the dispute between the typographical union and the newspaper publishers in Winnipeg start?
2. On what date was the department made cognizant of the dispute?
3. On what date was Mr. Justice Major appointed as a commissioner to investigate the dispute?

Mr. MITCHELL:

1. The stoppage of work affecting the international typographical union and the Winnipeg *Tribune* and *Free Press* commenced on November 8, 1945, being the culmination of a dispute which had been developing for some weeks previously because of failure to agree on the terms of a new agreement to replace one which had expired September 30, 1945.

2. On October 31 my department received information that a dispute existed and that a strike was possible. On November 1, the publishers of the two newspapers requested the intervention of either a conciliation officer or an industrial disputes inquiry commission. A conciliation officer was appointed on November 2.

3. Mr. Justice Major was appointed a commission on November 9.

WAR EXPENDITURES AND REVENUE

Mr. POULIOT:

Referring to the statement of the parliamentary assistant to the Minister of Finance at page 1881 of *Hansard*, May 27, 1946, was the difference of $2,557,559,903 between the war debt until March 31, 1945, and the total war revenue until February 28. 1946, on one hand, and the non-war expenditures and war appropriations from September 1, 1939, to February 28, 1946, on the other, a surplus?

Mr. MAYHEW: No, a surplus is an excess of revenues over expenditures. In the period September 1, 1939 to February 28, 1946, total expenditures of the government were $22,069,226,313, and total revenues were $12,681,719,279. resulting in a deficit of $9,387,507,034.

The figure of $2,557,559,903 which is the difference between the increase in total debt from September 1, 1939 to March 31, 1945, together with revenues in the period September 1, 1939 to February 28, 1946, on the one hand, and total expenditures in the period September 1, 1939 to February 28, 1946, on the other, represents an excess of receipts (including borrowings) over expenditures. This excess would be reflected in the books of the government by increases under various accounts classified as active assets (cash, loans, investments, etc.)

QUESTIONS PASSED AS ORDERS FOR RETURNS

TRANS-CANADA HIGHWAY

Mr. HANSELL:

1. Approximately how many miles of the all-Canada highway come under dominion government jurisdiction, and how many miles of this is in each of the provinces of Ontario, Manitoba, Saskatchewan, Alberta and British Columbia?

2. How many miles of this highway are still unfinished in the province of (a) Ontario; (b) Manitoba; (c) British Columbia?

3. What is the estimated amount spent to date by the dominion government on this highway?

4. What is the estimated cost required to complete this highway (a) to build the remaining portions; (b) to repair and put in shape for travel, those parts allowed to deteriorate?

POSTAL SERVICE—TOWNS OF LESS THAN 6,000

Mr. DROPE:

1. Are there any towns in Canada with a population of less than 6,000, which have a letter carrier delivery service?

2. If so, what are the towns and their populations?

SHIPBUILDING

Mr. McGREGOR:

1. In how many yards in Canada were boats built during the war?

2. In each case, by whom were they owned?

3. What boats were built in each of such yards since September 1, 1939, by whom were they built, and what was the cost in each case?

4. How many of such boats have been disposed of by the government, to whom was each disposal made, and what was the disposal price in each case?

ROYAL COMMISSIONS

Mr. McGREGOR:

1. What is the total cost of dominion royal commissions that have been appointed since September, 1939?

2. What commissions were appointed and what was the total cost in each case?

DOMINION GOVERNMENT COMMISSIONS

Mr. McGREGOR:

1. How many dominion government commissions, other than royal commissions, have been appointed since September, 1939?

2. What commissions were appointed and what was the total cost in each case?

POTATOES—IMPORTS AND SUBSIDIES

Mr. HATFIELD:

1. What quantity of grade 1 table potatoes were imported into Canada from the United States between January 1 and May 31, 1946?

2. How much subsidy, if any, was paid on these potatoes?

3. What quantity of small size potatoes were imported into Canada from the United States between January 1 and May 31, 1946?

4. How much subsidy, if any, was paid on these potatoes?

5. Have our farmers been offered any subsidy to encourage them to increase their crop of potatoes?

RADIO BROADCASTING

ENFORCEMENT OF REGULATIONS

On the orders of the day:

Mr. M. J. COLDWELL (Rosetown-Biggar): I sent to the Minister of Reconstruction and Supply notice of a question which perhaps I may address to his parliamentary assistant. In order that the standing committee on radio broadcasting may inquire fully into the extent to which the regulations under the Radio Act (1938) are enforced, will the minister make available to the committee information from licencees of stations for the year 1945 as outlined in regulation 31(A) (d), approved by the minister and dated June 23, 1943?

Mr. SPEAKER: Order. I do not think the hon. member is in order in putting to the minister questions that should be asked in the committee.

Mr. COLDWELL: I suggest that this question must be asked of the minister before the

information necessary for the committee can be obtained, and that is why I chose this way of putting it.

Mr. SPEAKER: The hon. member is out of order. If there are any questions to be asked, they should be asked by the committee.

Mr. COLDWELL: Well, I have given notice.

LABOUR CONDITIONS

STEEL INDUSTRY—APPOINTMENT OF INDUSTRIAL DISPUTES INQUIRY COMMISSION

On the orders of the day:

Hon. HUMPHREY MITCHELL (Minister of Labour): Yesterday, in reply to a question from the hon. member for Cape Breton South (Mr. Gillis), I stated that I hoped to be able to make an announcement regarding the appointment of a commissioner in the steel industry to investigate differences between the Dominion Steel and Coal Corporation, Sydney, Nova Scotia, the Steel Company of Canada Limited, Hamilton, Ontario and the Algoma Steel Corporation, Sault Ste. Marie, Ontario, and their employees, represented by the united steelworkers of Canada.

I am pleased to announce, with the concurrence of the Ministers of Labour of Ontario and Nova Scotia, the appointment of the Hon. Mr. Justice W. D. Roach, of the Ontario Appeal Court, an industrial disputes inquiry commission, under the provisions of section 8 of P.C. 4020.

The commissioner, who expects to begin the inquiry very shortly, is required to investigate the dispute and to endeavour to bring about a settlement of the matters at issue, failing which, he is to report to me with his recommendations.

Mr. Justice Roach has a very successful record in dealing with industrial relations problems. Recently he was chairman of the conciliation board which effected a settlement in the dispute betwen the International Nickel Company of Canada, Limited and the mine, mill and smelter workers' union.

Mr. CHURCH: Has the government any new legislation to control these strikes in the public interest? Does it intend to bring down any legislation? There is no use playing with the question any longer. They have not done so in Washington; action has been taken there to protect the consumer and get results.

Mr. MITCHELL: Our record with reference to strikes is probably better than that of any other country in the world where freedom exists. My Conservative friends smile. I do not know whether they like strikes; that is for them to say. But you cannot have a perfect record, and I believe that with the machinery we have, given cooperation on both sides, there is no valid reason at the moment for any dispute to exist in the dominion. If my hon. friend has any better machinery, I wish he would give it to me. Those are the people we want.

Mr. CHURCH: I appreciate the fact that the minister has done quite a bit, but I suggest that he bring in more modern and efficient legislation to cover these strikes, in the interests of the suffering public.

REDISTRIBUTION

AMENDMENT TO BRITISH NORTH AMERICA ACT AS TO RULES FOR READJUSTMENT OF REPRESENTATION

The house resumed from Tuesday, June 11, consideration of the motion of Mr. St. Laurent for an address to His Majesty the King praying that a measure be laid before the parliament of the United Kingdom to effect an amendment to the British North America Act with respect to readjustment of the representation in the House of Commons.

Mr. JOHN T. HACKETT (Stanstead): Mr. Speaker, in considering the motion of the Minister of Justice (Mr. St. Laurent) and the readjustment required by the British North America Act, it is necessary to consider the censuses that have been taken, and it is enlightening to have the information which those censuses have revealed, indicating what the population of each of the provinces has been, and the ebb and flow of population from one province to another. To assist the members of this house and provide them with the necessary information—

Mr. SPEAKER: I am sorry to interrupt the hon. member, but there is so much noise in the house that it is impossible to follow him.

Mr. SMITH (Calgary West): It is all behind the curtains.

Mr. HACKETT: It is not the noise in the house, may it please Your Honour; it is the noise behind the curtains that is a little disturbing. I was about to say that this information has been compiled by the Department of Trade and Commerce and has been distributed to members. It enables them to proceed, in the light of easily accessible information,

to the work before them. This document, styled "Bulletin No. A-10, population of Canada, 1941 by provinces, electoral districts and sub-districts, with introduction on representation in the House of Commons", contains the following useful table at page 7:

Representation in the House of Commons by Provinces and Territories, as at the commencement of each Parliament from 1867 to 1940(2)

Députation à la Chambre des Communes, par Provinces et Territoires, au commencement de chaque Parlement de 1867 à 1940 (2)

Provinces	1867	1872	1874	1878	1882	1887	1891	1896	1900	1904	1908	1911	1917	1921	(1) 1925	(2) 1935
Ontario	82	88	88	88	92	92	92	92	92	86	86	86	82	82	82	82
Quebec	65	65	65	65	65	65	65	65	65	65	65	65	65	65	65	65
Nova Scotia	19	21	21	21	21	21	21	20	20	18	18	18	16	16	14	12
New Brunswick	15	16	16	16	16	16	16	14	14	13	13	13	11	11	11	10
Manitoba	–	4	4	4	5	5	5	7	7	10	10	10	15	15	17	17
British Columbia	–	6	6	6	6	6	6	6	6	7	7	7	13	13	14	16
Prince Edward Island	–	–	6	6	6	6	6	5	5	4	4	4	4	4	4	4
Saskatchewan	–	–	–	–	–	4	4	4	4	10	10	10	16	16	21	21
Alberta	–	–	–	–	–						7	7	12	12	16	17
Yukon	–	–	–	–	–	–	–	–	–	1	1	1	1	1	1	1
	181	200	206	206	211	215	215	213	213	214	221	221	235	235	245	245

The table shows that at the time of confederation the four provinces that went into confederation in 1867 were allotted respectively: Ontario, 82 seats; Ontario has the same number to-day. Quebec, 65; Quebec has the same number to-day. Nova Scotia, 19; It has 12 to-day. New Brunswick 15; it has 10 to-day by reason of the amendment to the B.N.A. Act which was enacted in 1915 and which provided that at no time should representation in this house of any province be less in number than its representation in the senate. Therefore I am not dealing with the exception to representation by population which was created by that amendment to the British North America Act, which was passed in 1915.

I should like to open up a parenthesis here and say that that amendment was enacted after a prolonged conference with all of the provinces. Their representatives came to Ottawa and various methods of amending the act were discussed. At that time there was not only a great Canadian leading the government, but a man who had at all times the interest of his native maritimes, I was going to say predominant, in his mind and ever present in his heart. Therefore it can be said, it must be said—the records show it—that in 1915 when that amendment was made, all the provinces concurred in it.

I now turn to the motion made by the minister. I must say that the suggestion contained in it is, like nearly everything that the minister does, complete and well-reasoned. If I were to find fault with it as a scheme it would be because of its rigidity. It has not that elasticity which allows for growth and change, which the original document possesses. One of the recitals of the motion of the minister is:

> And whereas the effect of the aforesaid provisions has not been satisfactory in that proportionate representation of the provinces according to population has not been maintained.

I am going to argue that proportionate representation has not been maintained, but that was not because the act was defective, it was either because those who were administering it failed to comprehend its full purport, or those whose duty it was to criticize the action of government were not as alert as an opposition should be.

I turn now to the section itself, and I would ask hon. gentlemen to follow me while I read it, because I submit that its interpretation means necessarily that no amendment need be made to the act in order to reestablish representation by population in all the provinces other than the maritimes. Section 51 reads as follows:

> On the completion of the census in the year one thousand eight hundred and seventy-one, and of each subsequent decennial census, the representation of the four provinces shall be readjusted by such authority, in such manner, and from such time, as the parliament of Canada from time to time provides, subject and according to the following rules:
>
> (1) Quebec shall have the fixed number of sixty-five members;
>
> (2) There shall be assigned to each of the other provinces such a number of members as will bear the same proportion to the number of its population (ascertained at such census) as the number sixty-five bears to the number of the population of Quebec (so ascertained).

I shall not read subsection 3; it merely says that if the fraction is less than one-half, it is not counted; if it is more than one-half, it is counted as a whole number.

Subsection 4 is the one which we have to interpret; it reads as follows:

(4) On any such readjustment the number of members for a province shall not be reduced unless the proportion which the number of the population of the province bore to the number of the aggregate population of Canada at the then last preceding readjustment of the number of members for the province is ascertained at the then latest census to be diminished by one-twentieth part or upwards.

I submit that this subsection means that there shall not be any reduction in the representation of any province unless the fraction representing its quota of the population of Canada is reduced by five per cent. Let me take an example. Let us assume that in 1931 the population of this dominion was ten millions. Let us assume that the population of British Columbia was three millions. The proportion of the population of British Columbia would be thirty per cent. It would have thirty per cent of the population of the dominion; and if on that proportion it had twenty members it would hold those twenty members until when?—until that thirty per cent was reduced by five per cent. Five per cent of thirty per cent is one and a half per cent; therefore the representation of British Columbia in this house would remain at twenty members until its proportion of the population was reduced to 28½ per cent. That is the meaning of this section. I submit that it can mean nothing else. People have wondered why it was inserted. The reason for which it was inserted is clear to me. The reason was that it was not the intent, it was not the desire, of the fathers of confederation that changes should be made in representation every time that there was the slightest shift in population. The fathers of confederation said that once an allotment of a specific number of members had been made to a province it should keep that number until there was a substantial change in the proportion or the fraction of the whole population of Canada represented by the population of the province in question. That is simple; it is reasonable, it seems to me almost beyond dispute.

Mr. KNOWLES: Would the hon. member permit a question, to clarify his illustration? In the illustration which he used, if the province in question were to lose just one per cent in three successive decades, would it then lose any of its members?

[Mr. Hackett.]

Mr. CHURCH: That is irrelevant.

Mr. KNOWLES: It is very much to the point.

Mr. HACKETT: I thank the hon. gentleman for asking me the question. I do not wish him to think I am discourteous. I shall answer it, but I shall answer it a little later.

I am going to ask the house to bear with me while I read subsection 4 from the French version of the act.

En procédant à une répartition, on ne réduira pas le nombre des députés d'une province...

Mr. BRACKEN: May I ask the hon. member what he is reading from now?

Mr. HACKETT: I am reading from the British North America Act, the French version.

Mr. BRACKEN: Not the document he previously referred to?

Mr. HACKETT: I am reading from "Acte de l'Amérique du Nord britannique et lois connexes" from 1867 to 1944. I am reading subsection 4 of section 51.

Mr. ST. LAURENT: If the hon. member will permit a question, does he suggest that the version issued in French can have any effect upon the construction of the act? My understanding was that the act was passed by the imperial parliament in English only, and that there is no official text in anything but the English language; that any translation which may have been made for convenience was the best effort of the translator to reproduce the meaning of the English text. Does the hon. member agree with that?

Mr. HACKETT: I am prone to agree with almost any proposition of law that may be advanced by the right hon. gentleman, but I am going to say to him, with the greatest respect, that I shall deal with that particular problem in a moment. At present I should like to read the French text. Subsection 4 of section 51 of the French text is in these terms:

(Translation):

On any such readjustment the number of members for a province shall not be reduced . . .

On any such readjustment the number of members for a province shall not be reduced unless the proportion which the number of the population of the province bore to the number of the aggregate population of Canada at the then last preceding readjustment of the number of members for the province is ascertained at the then latest census to be diminished by one-twentieth part or upwards:

(Text): There we have it thrown into even bolder relief that what determines the right of a province to more members, or what determines the right of other provinces to see a

certain province reduced in membership, is a comparison. There is no dispute that one side of the comparison is the last census, that of 1941; but how far back must we go? Here I come to the question put to me a moment ago by the hon. member for Winnipeg North Centre (Mr. Knowles). You go back as far as it is necessary to go to get to the point where, to use the French expression, "lors de l'attribution précédente des sièges à la province" and in the English version, "to the last preceding readjustment of the number of members for the province." I submit that you must go back to the last time the members were reallocated to the province; not to the last census but to the time the twenty members were allocated to British Columbia, in the example I gave a few minutes ago. Let us assume that British Columbia had twenty members assigned to it by the census of 1911; and again to answer the hon. member for Winnipeg North Centre, let us assume that British Columbia had lost one and a half per cent in one decennial period and two and a half per cent in another decennial period, and that finally in the third it lost a fraction sufficient to make the total five per cent. Then in my submission the fourth subsection of section 51 of the act would come into play and the reduction in number of members must follow.

Mr. KNOWLES: Has it worked that way in case of Ontario?

Mr. HACKETT: It has not worked that way, and that is just my complaint. A few moments ago I said I considered that the sub-section is beyond criticism. I wish I could say as much of those who had to do with its operation. I submit that the act itself provides for representation by population, with certain exceptions which we are not discussing at the moment; I say to the minister that under the act this house should be reduced to 230 members, and that this may be done by observing the text of section 51, without amending it in any respect whatsoever. The minister has put on record the number of members who would be allotted to the different provinces if the act were followed, but I do not agree with him when he gives the province of Ontario 82 members. It is my suggestion that the province of Ontario is entitled only to 74 members; and again to answer the hon. member for Winnipeg North Centre, it was entitled to 74 members and no more at the last redistribution.

Here someone may say to me, "Well, you were in the house at that time. What did you do about it?" I was in the house; like the majority of those who sit opposite I sat on a back bench, and I had just about as much to do with the policies of the country as they have at the present time. Now let me say this. I have read the debates carefully. Right Hon. Mr. Bennett spoke of a reduction of one-twentieth in population as being the requisite to the application of subsection 4. Mr. King sat opposite, and he was much more concerned in working parishes and townships into electoral divisions and matters of that kind than with the principle of readjustment of the number of members among provinces. Mr. King acquiesced. That good and honourable gentleman who has gone to his reward, Right Hon. Mr. Lapointe, said, "I wonder why this subsection 4 was put in. I can find no reason for it. I think it should be deleted." At that time nobody referred to the Prince Edward Island case, which I am going to discuss. Possibly it required the deep knowledge of the law and the intimate acquaintance with the decisions of the privy council which is possessed by the right hon. Minister of Justice to bring that to the assistance of his government; but at no time until he came on the horizon was it mentioned. In November, 1932, they seem to have proceeded on the basis that because the province of Ontario had not lost five per cent of its population, this subsection did not apply.

Mr. KNOWLES: They proceeded on the assumption that Ontario had not lost that percentage in the ten-year period.

Mr. HACKETT: Yes, and that was all they considered; the ten-year period. I went to the trouble of looking up the bill. In those days bills contained a great deal of information on the fly-leaf. There I found set out the article of the British North America Act and a great deal of other information. Nothing was said about the Prince Edward Island judgment, but I do find on turning to the census of Canada, volume 2, at page 3, that in 1911 the proportion of the population of Ontario to the whole population of Canada was 35·07.

Mr. ST. LAURENT: The second volume of which census?

Mr. HACKETT: The census of 1941. The representation of Ontario in this house could not be reduced under the section of the act I have read, unless that proportion or percentage of 35·07 per cent was reduced by one-twentieth, or five per cent. If one takes his pencil in hand, he will find that five per cent of 35·07 per cent, which was the fraction of Canada's population which represented the population of Ontario in 1911, amounts to 1·75

per cent. If he subtracts 1·75 per cent from 35·07 per cent he will find that the fraction is 33·31 per cent, and that Ontario was entitled to eighty-two members until the proportion of its population was reduced to 33·31 per cent. In 1931, according to the same book and the same page, it was reduced to 33·07 per cent. At that time the representation of Ontario in the house should have been reduced. It should be reduced to-day, under the terms of the act, unless we are going to say that there is something which limits the computation to the ten-year period between censuses.

Here I must tell the house how amazed I was when reading this bulletin No. A.10 put out by the Department of Trade and Commerce, which cites verbatim section 51 of the British North America Act and its subsections in the English text, to find in the French text in the place of subsection 4 I have just read, the following:

(Translation):

(4) On any readjustment the number of members for a province shall not be reduced unless the proportion which the population of that province bore to the aggregate population of the dominion has diminished by at least one-twentieth part from one census to the next.

(Text): That is an entire perversion of the sense of subsection 4 of section 51; and not only is it a perversion but it is a denial of its sense and meaning. It is a substitution of the word "census" for the word "readjustment," or in the French language, the words, *attribution de la population.*

I should like to add another word in support of the interpretation I have put forth. I know this probably is not the place where one might hope to make a protracted legal argument. But I submit to the house that unless the interpretation I have given to these words is the real interpretation, then the words found in the third to the last line of subsection 4 are entirely superfluous; they are:

On any such readjustment the number of members for a province shall not be reduced unless the proportion which the number of the population of the province bore to the number of the aggregate population of Canada at the then last preceding—

Not census, but—

—readjustment of the number of members for the province is ascertained—

And so on. If we were to interpret this act, as it is being interpreted for the purpose of this redistribution, the words "of the number of members for the province" would be entirely superfluous, because they add nothing to the sense of the sentence, and the same result would be achieved without them.

[Mr. Hackett.]

I want to say one further word about the interpretation. With the exception of section 51A enacted to protect the maritime provinces by the amendment of 1915, the fundamental theory of this section is representation by population. Any interpretation of this subsection which would exact the loss of one-twentieth of the population between two succeeding censuses would be a complete denial of the theory of representation by population. As suggested by the hon. member from Winnipeg, it would mean that a province could lose 4·99 per cent of its proportion or percentage in one ten-year period, and the same in the next ten-year period, and the same in the next, until a period was reached where there might not be enough population in a province to supply the members to which it would be entitled under the section.

Mr. KNOWLES: In principle that is the way it has been done.

Mr. HACKETT: It has been done that way once. I believe it was done that way in 1932. We had a leader and men in the front benches, as we have them to-day, who were overwhelmed and harassed, at a time when we were in the depths of depression. Things were hurried through, and possibly, good lawyer that he was, the leader of that time did not realize what was happening.

Some hon. MEMBERS: Oh, oh!

Mr. HACKETT: Well, one may laugh if he wishes. But I have not been critical of men on the other side of the house when they have made misstatements and when they have taken positions which they have had to abandon within a few minutes, because I knew that they were overburdened with work, that they were harrassed by strikes and troubles and endless worries. I submit that is a possible explanation for what happened in 1932 so far as the leader of the government is concerned. I should have to stretch my imagination a little further to find an excuse for the seeming negligence of the leader of the opposition and those who sat beside him at that time.

In 1905 the privy council handed down a judgment in the Prince Edward Island case. People from that province, and from Nova Scotia and New Brunswick, felt that the act was working a hardship on them; their grievances were heard on reference to the supreme court of Canada. Prince Edward Island submitted this question to the supreme court—and just listen to it:

Although the population of Prince Edward Island as ascertained at the census of 1901 if divided by the unit of representation ascertained by dividing the number of 65 into the population of Quebec is not sufficient to give six members

in the House of Commons of Canada to that province, is the representation of Prince Edward Island in the House of Commons of Canada liable under the British North America Act, 1867, and amendments thereto, and the terms of union of 1873, under which that province entered confederation to be reduced below six, the number granted to that province by the said terms of union of 1873?

The supreme court answered in the affirmative, and said that its representation must be reduced below six. The privy council answered the same way. Its answer is found in just a word. The privy council found that it was stipulated that the representation of Prince Edward Island in confederation would be determined by the act and by the section I have read. Then the privy council went on to say in what I call an *obiter dictum*—not something which had any bearing on the question, not something which was necessary for its decisions, not something which had been submitted, although there had been a reference to it when a judge of the supreme court had asked a question and Mr. Newcombe had answered it but the question had never been raised as an issue, so the statement of the bench is purely an *obiter dictum* which was never argued and is not a binding authority:

> This argument assumes that there has been no readjustment for any province unless there has been alteration. Their Lordships think this is to give too narrow a meaning to the word. In their opinion, when as a result of a census the representation of the provinces is reconsidered and the necessary changes, if any, made to bring it into harmony with the results of the census, that is a readjustment within the meaning of subsection 4, whether there be or be not any change in the case of any particular province. Their Lordships, therefore, think that the answer of the supreme court to the question submitted to it was correct.

That is an *obiter dictum*. It has no bearing on the case then at issue. It was not argued. Mr. Newcombe did say in the supreme court that he considered that the count to determine if the proportion had been reduced began every ten years.

We are not here dealing with petty matters. We are dealing with the most sacred thing we have in our national life, our constitution, and are we going to amend it without some serious reason? We have before us an agency which enables us to effect redistribution and deal fairly with each province of the dominion. I have an idea that this motion is just another phase of the old feud between the provinces and the dominion, and that the dominion is seeking to exact by promises, by gold, and by favours of different kinds, the assent of the provinces to the proposition that the British North America Act may be amended by the mere whim, by the smallest majority of a political party in the two houses of parliament. I say, Mr. Speaker, that such practice, if tolerated, is prejudicial to parliament; it is prejudicial to our national life. It is in my estimation the first note of the requiem of confederation.

There may be another reason for introducing this act. It may be to save the face of those who were asleep at the switch in 1932. The government may now seek to make it appear that the amendment is necessary to go behind the census of 1931, to warrant a reallocation of seats to the provinces. I submit, Mr. Speaker, that there is no reason to amend the British North America Act. Its terms are explicit; they are clear. I admit that an advocate and a great advocate, in the supreme court, taken by surprise, did answer a question in a way which might be construed as contrary to the view that I have expressed here. The statement in the P.E.I. case was an *obiter dictum* of the privy council in a case where this question was not argued and where it was not in issue and where it has not authority.

I ask is there a reason for us, we here in adult Canada, to seek an amendment to our constitution when there is no provision for amending the act? The other day when we wanted to amend the act to incorporate in section 91 the subject of unemployment insurance we went to each of the provinces and got them to acquiesce. Oh, it may be said, but that was a provincial matter. The people of this country, peoples and nations, do not deal in subtleties of that kind. If there is a right in parliament alone to have the constitution amended, there will always be those who are clever enough and subtle enough to make a good case for the amendment, whether it affects provincial or national issues. I agree with what was said last night on the point by the hon. member for Bellechasse (Mr. Picard). No means have been provided to amend this act, and until those means are found we must in the interval proceed warily. The only way in which the act can be amended decently and properly is with the consent of the high contracting parties, the dominion and the provinces.

My hon. friend the member for Lake Centre (Mr. Diefenbaker) argued the case in the house the other day and put on the record the statements of every great constitutional lawyer. I would mention just two or three of them. There was Doherty; there was Borden; there was Blake; there was Meighen; there was Laurier; there was Lapointe—and not one of them said that this act could be altered without the consent of the provinces

and it should not be altered now without their consent for purposes which appear to be highly strategic.

Mr. J. A. BRADETTE (Cochrane): Mr. Speaker, I am taking part in this debate because I realize the full import of the resolution now before us. First may I congratulate the right hon. Minister of Justice (Mr. St. Laurent) upon his masterly presentation of the redistribution resolution on the 28th of last month. If I read public opinion aright, from the press and the opinions of my own constituents, this resolution has been wonderfully received by almost every section of our population. It deals with an important problem. So far as I am concerned I strongly support the resolution.

I listened attentively to the learned address made by the previous speaker, the hon. member for Stanstead (Mr. Hackett), and as I listened to him my conviction strengthened that our redistribution arrangements should be changed. It would be impossible, I should think, for any member to explain in a way that would be grasped clearly by most of our people what was meant by subsection 4 of section 51 of the British North America Act. No one can challenge or be against representation by population. It is a primary principle which has been adopted by all nations that call themselves democracies. It is the only just and fair way to decide the number of our representatives.

The previous speaker mentioned that Ontario under the present system had more members than she was entitled to for at least ten years. But let us take the 65 members assigned to the province of Quebec, and suppose that twenty years from now the population is 20,000,000 people. If Quebec then has a population of 6,000,000 the unit of representation will be 92,300 people per riding. That would give the rest of Canada 152 members, or a total for the whole country of 217 members, and that process would be accentuated as time goes on and our population grows. The present method of representation by population, dividing the population of the province of Quebec by 65 to give the unit of representation, has worked fairly well up to the present, but it will not work in the future, and it has not worked well under certain circumstances and conditions.

I am also in favour of the resolution because it confers no special privileges and is not unfair to any province. If I thought it would help or would be partial to the province of Quebec, for example, I would be against it, or if I thought it would help the province of Ontario, I would be equally against it. I believe that this resolution is the very best way to rectify an anomaly in our present system of representation—I do not want to call it an injustice—and to bring about a fairer representation so far as the whole country is concerned.

Before I proceed any further I want to quote a statement by the hon. member for Rosetown-Biggar (Mr. Coldwell), which in effect is endorsed by the hon. member for Peace River (Mr. Low). Speaking on June 6, the leader of the C.C.F. party said, as reported in *Hansard,* page 2236.

> But in fairness to other members of the house who agreed to deferring redistribution in 1941 I am not at this moment asking that another privilege of that kind be granted to western Canada. I believe that the proposal placed before the house by the government at the present time is fair, just, sound and constitutional.

Those are the words of a true Canadian. On a discussion of this kind it would be very easy indeed to arouse the passions even of members of parliament; very easy for them to speak in local or provincial terms. Those two hon. members did not do that. They may have some arguments against redistribution based on the census of 1941, as was so well expressed by the Minister of Justice (Mr. St. Laurent) in 1943 when we asked for an amendment of the British North America Act, on account of the shifting of population from the western provinces to the Atlantic and the Pacific coasts and also to the two central provinces. It would have been easy for these hon. members to make a passionate appeal to their own people and demand that we take as a basis the census which is at present under way in the western provinces. They did not do that, and I want to praise them for their attitude on that score. It shows a real federal spirit.

As to the amendment brought in by the hon. member for Lake Centre (Mr. Diefenbaker) I am strongly against it. My views in this respect are influenced by section 52 of the British North America Act, which reads as follows:

> The number of members of the House of Commons may be from time to time increased by the parliament of Canada, provided the proportionate representation of the provinces prescribed by this act is not thereby disturbed.

In this section is given to the federal representation all the authority and responsibility that could be required. I for one am not going to throw away the prerogatives of members of this parliament for a mess of pottage. I for one am going to take the full responsibility imposed on me in accepting the mandate to represent my people in the federal house. I for one will always deal with any

matter on which we have full jurisdiction, not in a local or regional way but in a truly national way, as was done by the hon. member for Rosetown-Biggar, the hon. member for Peace River and several other hon. members during the discussion. If the amendment brought in by the Progressive Conservative opposition were adopted, it would simply stultify the federal prerogatives and shackle the activities derived from our national autonomy, and I for one would be the last to be a party to that. In this instance, as in many previous ones, we have the spectacle of the premier of Quebec talking of provincial autonomy and alleging centralization under the federal government. It is an old bugbear which has been worked time and time again, in many instances with absolutely no reason, and generally speaking the people of Canada are getting wise to that situation. In many instances these charges are simply political dodges, and are advanced so as to embarrass the central government, purely for partisan and political reasons. We have here all the safeguards needed for the preservation of political autonomy. As was so well stated by the Minister of Justice, the members of this house come from the different provinces of the Canadian confederation, and along with our great and overpowering loyalty so far as the nation is concerned, we are yet primarily what may be called municipalists. So far as I am concerned I have a great pride in living in my own little town of Cochrane, in northern Ontario. I am proud of it, and I will work and fight for it. We are also what may be called regionalists. I like the region in which I live; I like the section in which my constituency is located; I like northern Ontario and am loyal to it. I will fight its battles, I will participate in everything which is for its benefit. And then I am a provincialist. I am proud to belong to the great banner province of Ontario and to have fought, as I will continue to fight, some of its battles. I am proud of all the governments we have had with their headquarters in Toronto, and I am not averse to proclaiming that pride even in the federal field. But beyond all that I am, like other speakers whom I have mentioned, also a federalist. I believe that federation is what made this nation. It was found possible in times of hardship and turmoil for four provinces of Canada to get together and lay this wonderful foundation of Canadian confederation. Every member of this parliament is proud of confederation. I repeat, however, that there is no necessity for Mr. Duplessis to raise the old scarecrow of provincial autonomy or to charge that the dominion government wants to centralize everything. For many years I have been a member of parliament, and whether Conservatives or Liberals were in power I never saw in the action of any of our governments any suggestion of overcentralization. I never heard from any member of parliament, no matter from what section of the country he came, any advocacy of intensive centralization. There have always been within our constitution safeguards for the provinces and safeguards also for the national government. No federal member would dare to do anything which would tend to weaken or abolish those safeguards. I say these things with some feeling, because we have heard in the past and will probably hear again in the future that the central government is a great octopus which seeks to spread its tentacles into every section of our provincial life. That is not true, and it does not voice the opinions of the people of Canada as a whole. One might say that the best safeguard, as indicated in the present discussion of the redistribution bill, is that two parties in the House of Commons are ready and willing to surrender to the provinces some of the prerogatives which are given to the federal government by the constitution. That shows the spirit which animates on many occasions the federal representation, which at times will go as far as to throw away our own prerogatives.

There has also been an objection from some quarters that we should be very careful about an application to the British parliament for an amendment of the Canadian constitution. I am going to speak very briefly on a subject which is in the minds of a great majority of the Canadian people, and has been for many years. To some of them it is still puzzling why we should have to request the British parliament to amend our constitution. It is true that it is a British statute, but in the full sense of the word it is really a Canadian statute. No doubt the British people and the British government have long been surprised that we have not been able yet to find a formula which will enable us to become masters of our own destinies, of our own legislation. I say that it must be puzzling to our British friends, because we speak a good deal, and rightly, of our autonomy, more particularly since the statute of Westminster. Somewhere something is lacking; but it must be within the powers and the intelligence of our people to find the necessary formula.

Consider, for example, the state of our dominion-provincial relations. Looking into the last two or three dominion-provincial conferences, what do we find? What happened at the last one which was held in April of this

year? Seven provinces were willing and ready to come to an agreement with the federal government, but apparently the two central provinces did not find it possible to accept the agreement. Many Canadians asked themselves, "What is the principle that governs us in these matters? Is it not true that the majority of the provinces, if not a majority of the total population of the country, were willing and ready to agree with the central government? What then is the reason for the failure to come to an understanding? That is the question that must be settled." At the next dominion-provincial conference we must devise some means whereby agreements that are acceptable to the great majority of the provinces will be endorsed without the necessity of complete unanimity. What machinery will be adopted. I do not know, but surely that question calls for our earnest consideration. Will one province have the power to veto an agreement arrived at by the rest of the dominion, or will two provinces be able to brush that agreement aside, or on the other hand will the question at issue be decided on the basis of ratio of population represented by the indivdiual provinces? These are problems that we shall have to solve.

The moment this country finds a formula whereby it can request the British parliament to facilitate our dealing with our own constitution, it will, I believe, be an easy matter to bring this about, and I do not think there will be any objection on the part of the British parliament. But in the meantime any appeal that is made to the British parliament must come from the central authority here, because precedents have been established and judgment has been rendered in one case whereby it is not possible for any individual province on its own initiative to make such representations before the British parliament.

It is the view of many Canadians that we should move cautiously in making any change in our constitution such as I have suggested. Are we prepared now to set up a commission representing every section of the population for the purpose of considering the question of the Canadian constitution? There will be some reactions from minority groups. No doubt the rights pertaining to the French language will be protected, just as the rights with respect to education being left entirely in the hands of the provinces will be safeguarded; and this applies also to the question of a civil code so far as the province of Quebec is concerned.

My own belief is that we shall soon be ready to play the part of masters of our own destiny. I think it must be puzzling to the British government itself as to why it is that we in Canada have not yet reached that stage where we can really call ourselves our own masters in regard to the constitution. I remember hearing some years ago certain striking remarks made by the then member for Labelle, Mr. Bourassa, in a speech which he delivered on minority rights and appeals to the privy council and to the British parliament for amendments to the Canadian constitution. One statement that Mr. Bourassa made at that time has always remained vivid in my mind. Let me try to repeat, if not his exact words, at least the meaning he sought to convey. Speaking of minority rights he said: We know that at the foot of the British throne, before the privy council, the French Canadian people, generally speaking, will receive justice in an impartial way. But suppose some of the rights of those people were crushed by one particular province in the Canadian confederation. Do we in Canada expect that Great Britain would send troops to defend those rights?

At the time I realized the full import of the statement by the then member for Labelle. He meant that if it were not within our own competence to solve the question of minority rights we could never expect to have that problem solved in any physical sense by Great Britain. That, I believe, was a strong lesson to the Canadian people, and I have tried to learn it. As far as I am personally concerned, I hope that within a period of ten years at most we shall have an all-Canadian constitution and that that constitution in its spirit and application will consist of more than merely written words.

It has been well said in this debate—it was said at an earlier stage of the debate by the member for Rosetown-Biggar—that the great glory of the British constitution lies in the fact that it is unwritten. There is profound meaning in that statement. It means that in the heart and mind and soul of the British people the ideals of democracy, the ideals of justice, are ever uppermost. I believe that these wonderful qualities are just as strong in the Canadian people. Canadians are just as much imbued with them as the British.

I myself belong to the minority of French descent, but I have no fear of the future. I am acquainted with nearly every section of our population, and I can say that I have never suffered by reason of my racial affiliations or of my faith. In my section of northern Ontario that circumstance has never been thrown up to me. I know something also of my own native province; and I would leave this thought with hon. members. Observe any English-speaking person who has resided for a

number of years in the old province of Quebec and who returns to one of the English-speaking parts of the dominion, and you will notice that he carries with him evidence of some of the finest characteristics of that old province of Quebec because the people there are naturally fairminded and broadminded. In a word, they are naturally Canadian, just as the people in the other sections of our Canadian population are Canadian.

It is for this reason that I say the time is almost ripe, if it is not here already, for the formation of a commission to deal primarily with the structure of our dominion-provincial relations and to study the question as to what should constitute a majority, so far as compromise is concerned, as to what should constitute a veto, and what should be the actually functioning of such relations. I believe that the Canadian people generally are thinking a great deal about what happened at the last dominion-provincial conference, and they feel that because seven provinces out of the nine were ready to come to an agreement, some action should have resulted from the conference. The question is left completely undecided.

I submit that we must put our own house in order before we can go to the British parliament and ask them to amend the British North America Act in order to provide us with a new Canadian constitution. I do not wish to elaborate this argument; I think I have said enough to convince my own compatriots that there is no reason for entertaining any fears for the future. Safeguards with respect to minority rights must of necessity spring from ourselves, from the fairmindedness and the spirit of justice of the majority; for if those safeguards do not come from that source, we shall not find them anywhere. I believe we have it within ourselves to provide the solution. We all come from stocks that believe in the principles of democracy and justice—stocks from old France, from central Europe and from Britain, transplanted to this half of the north American continent—and I for one shall rejoice in the day that we are masters of our own constitution. I say that for the reason that in my opinion it is within ourselves, within our own ability, to deal with all matters of this sort in an impartial and Canadian way.

Before I conclude I wish to quote from an article that appeared in *Saturday Night* on June 8, 1946, entitled "Provincial Veto." The title of the article is illuminating. It may give a new angle to this question which may also prove illuminating. I quote:

Mr. Duplessis seems to us to have chosen a bad moment for the assertion of the right of the provinces to veto proposed amendments to the Canadian constitution. If the principle which he invokes is sound to-day it will still be sound next year, by which time a better occasion for raising it may have presented itself. For we have to note that numerous occasions for raising it have presented themselves in the past and have not been utilized, and that neglect has not prevented Mr. Duplessis from raising it now; so presumably one more neglect would not damage it for the future.

The reason why we think this is a bad moment for Mr. Duplessis is that by raising it now he is claiming for Ontario—which has just as much veto power as Quebec—the right to veto a proposal which adds eight parliamentary seats to Quebec and leaves Ontario unchanged. On Mr. Duplessis' principle the present proportions are just as much the perpetual right of Ontario, removable only with Ontario's consent, as the sixty-five seats of Quebec are the perpetual right of Quebec. (We do not ourselves regard either right as perpetual, but Mr. Duplessis does.)

The situation is very embarrassing for Mr. Drew. Either he goes along with Mr. Duplessis, in which case he maintains the right of Ontario to veto the amendment, and will scarcely dare to accept the responsibility of not vetoing it, or he splits with Mr. Duplessis and abandons a rather substantial part of that concept of provincial supremacy in which the two premiers have been in agreement for several years. Mr. Duplessis is in no such dilemma; he has no objection to the redistribution as redistribution, and all he asks is the right to say "O.K." But Mr. Drew cannot say "O.K." if he has a right to say "No." The redistribution takes away something which, if Mr. Duplessis is right, is the indisputable and irremovable property of Ontario, and no Ontario government, however devoted to Rep. by Pop. and however friendly to Quebec, would dare to toss away eight seats which are Ontario's indisputable and irremovable property, even if the retention of them can only be defended by throwing Rep. by Pop. into the discard and explaining (as the *Globe and Mail's* Ottawa correspondent explained the other day) that Quebec should not have the same proportional representation as Ontario because its people are too much addicted to voting in a solid bloc.

If the last part of the statement, which is taken from the *Globe and Mail,* were applied it would not show the true Canadian spirit, the spirit of tolerance that I mentioned a moment ago. If we followed that principle it would mean that Saskatchewan, because it voted C.C.F. at the last federal election, should not have the representation to which she is entitled. It would also mean that because Nova Scotia voted almost solidly Liberal at the last federal election she should not have the representation to which she is entitled. That kind of attitude is not Canadian; it is not even good Canadian journalism. So far as I am concerned I shall highly resent any appeal to passion on the question of redistribution. I shall always resent that any so-called national paper should have the audacity to say to the rest of Canada that Quebec has

not the democratic right, the national right, the individual right, the personal right, to have the representation that she has, because during the last few years she happened to vote solidly Liberal. If the *Globe and Mail* correspondent knew the history of Quebec, he would also admit that years ago, and for a long period of time, that old province voted almost solidly Conservative. These are things we must keep in mind. This is no time to raise one section of the country against the other. It is not Canadianism; it is not conducive to the making of a Canadian nation. I know whereof I speak, sir, because I live in a section of the country which has a mixed population, and it is typical of the rest of Canada. It is typical of the fine city of Toronto. In Toronto they have tolerance too. There are right-thinking fair minded people there. Statements of this kind are not conducive to tolerance, and we do not want to hear them when we are dealing with a bill having to do with redistribution.

I am sometimes shocked at the attitude of the historical—no, it is not historical, because it is too new—Progressive Conservative party on matters of this kind. I do not understand their amendment, particularly when they are willing and ready to destroy the prerogative and initiative of the federal representation. Why do they do it? It is not even good politics. I cannot understand why they do it, particularly in view of the fact that at some time in the future they may be called upon to assume government responsibility. If that time comes they will be caught by their own motion; they will be caught by their own resolution; they will be hamstrung by their own action; they will be caught by the statements they have been making from time to time in trying to destroy the prerogative and the initiative of the national government, without adding anything to the rights of the provinces.

I hope the Canadian people are getting sick and tired of the bugbear, often put out in the form of political propaganda, that the federal government is trying to centralize more and more in this country. Why do they do it? The activities of our provincial, federal and municipal governments are well defined, particularly provincial and federal, in our constitution. Individually no federal member will ever agree to any government trying to infringe upon provincial activities or autonomy. There may be some borderline cases in which the central government must of necessity seek advice and cooperation from the provincial governments, but that does not apply in all cases, and certainly it does not apply at the present time. These are things that are worth remembering in questions of this kind.

I am completely in favour of the resolution, for one simple reason, namely, that I am convinced in my own mind that it does not favour any one province or any particular section of our population, but it is fair because it follows the principle of representation by population; and no matter what the learned constitutionalist or the learned debater may say, or what anybody else may say, they cannot destroy the argument for the justice and the fairmindedness which is implied in representation by population, implemented in this resolution.

Mr. W. ROSS THATCHER (Moose Jaw): First, I should like to congratulate the previous two speakers this afternoon on their fine presentations. One can easily see what an advantage a lawyer has in this chamber. I am going to speak briefly as a layman because the motion before the house is one which directly affects my province.

Unless the present provisions of the British North America Act are changed, Saskatchewan will shortly see her representation in this chamber cut, and cut unfairly, from twenty-one to seventeen members. This group does not believe that such a loss can be justified. Originally the British North America Act was meant to provide representation by population. However, in recent years, because of certain protective clauses, discrepancies have crept into the representation. Under the act, redistribution would unjustly deprive Saskatchewan of four members and Manitoba of three, and at the same time it would give Ontario eight extra members, to which, on a population basis, she is not entitled. Nova Scotia, New Brunswick and Alberta would each receive one extra and Prince Edward Island two extra. In other words, the present provisions of the British North America Act do not give us representation by population. Therefore the members of the C.C.F. group would not be satisfied with redistribution under the act as it stands at present.

We think the resolution we are now discussing would help to rectify the situation. It would provide for fairer representation in the House of Commons. Nonetheless we also believe that the proposed amendment has certain shortcomings, and I should like to deal briefly with them. Before doing so, perhaps I should comment on the position of the Conservative party in this matter. So far, no speaker of that group has actually criticized the resolution. Rather in principle, they have argued that the Canadian parliament

has no right to ask for an amendment to the constitution without having previously secured the consent of the provinces. To me this attitude does not seem logical. Furthermore such a principle might actually be vicious. It might mean that one province could veto progressive legislation which would be to the great benefit of the other eight provinces. Certainly in the past, if I have read my history correctly, there have been numerous occasions when the federal government amended the constitution without the consent of all of the provinces. For instance, in 1915 Sir Robert Borden sponsored a constitutional amendment to increase the number of senators from western Canada. On that occasion Prince Edward Island objected; yet the amendment was proceeded with. Again in 1943, as has been pointed out, Quebec objected to an amendment on redistribution, but again the amendment was proceeded with. I think it is significant that in both cases the Conservative party took a completely different stand than from what they are taking to-day. On those occasions they voted to amend the constitution, despite the opposition and dissent of one province. It seems to me they are not being consistent. We believe the Canadian parliament alone must decide who shall represent the people at Ottawa. This is purely a federal matter. We can see no reason why parliament should first consult the provinces. Those who are opposing this resolution, whether it be directly or indirectly, intentionally or unintentionally may prevent some of the provinces of this nation from having their fair number of representatives in the House of Commons.

What are the shortcomings of the resolution? First, as the hon. member for North Battleford (Mr. Townley-Smith) has suggested, we believe that because of its size and wealth the northwest territories should have at least one specific representative. Second, the proposed amendment contains no reference whatever to a change in the other branch of government which was set up by the British North America Act, the Canadian Senate. In my opinion this is unfortunate, because there are even more glaring inequalities of representation in the Senate than in the House of Commons. For instance, in 1941 the three maritime provinces had an approximate population of 1,130,000 persons; and they have twenty-four senators. All western Canada, including the northwest territories, Yukon, British Columbia and the three prairie provinces, had an approximate population of 3,300,000 persons, or three times that of the maritimes, yet it also has only twenty-four senators. To be even more specific, the province of New Brunswick, with an approximate population of 450,000, has ten senators. The province of Saskatchewan, with about 900,000 people or double the number of New Brunswick, has only six senators. The resolution before the house to-day makes no provision for fairer senate representation. Apparently old inequalities in that body will be allowed to continue.

As hon. members know, this group has always favoured abolition of the senate. If and when a C.C.F. government is elected to power, one of the first questions with which it will deal will be such abolition. In the meantime, however, if the senate must be continued, we think it should be reformed. Such action has been talked about for many years but nothing has ever been done about it. I am told that as far back as 1891 the Liberal platform contained a plank called "senate reform". When are we to have this reform? I suggest that we should have it at once. The motion before us proposes to amend the British North America Act to rectify injustices in House of Commons representation. Why should it not also rectify injustices in Senate representation?

Aside from unjust representation there are a number of other serious shortcomings in the Canadian Senate. Hon. members know those shortcomings probably better than I do, but I should like to take several minutes to run over them. In the first place, senators are appointed rather than elected. They are in no way responsible to the people. It is conceivable that some senators might be appointed not so much for their ability as for their past party service. I say that it is conceivable. Certainly it is a fact that in the past the senate has been a haven for ex-members of parliament, cabinet ministers, and ex-members of provincial governments.

Mr. DEPUTY SPEAKER: Order. I must remind the hon. member that he should not refer to the other place in what I might call uncomplimentary language. I think I have allowed him considerable latitude.

Mr. THATCHER: I am not referring to the present senate in any way, Mr. Speaker. I believe that subsection 3 of section 51 bases the number of the members of the House of Commons in certain provinces upon provincial representation in the Senate, and therefore I submit that the Senate is related to the resolution we are discussing. However, I am not referring in any way to the present Senate.

Mr. DEPUTY SPEAKER: My point is that the hon. member must not reflect upon the other place in any way.

Mr. THATCHER: Very well; I shall not be offensive. In the second place the members of the other house are appointed for life, and I think the lack of any age limit robs that body of its freshness and youth. For instance, not so long ago I read in the paper where one of their hon. members died at the age of ninety-six. In the third place, minor political parties have no representation in that body. It has been stated that it was set up to protect minority rights; yet Canada's smaller political parties, such as the C.C.F. and Social Credit, have no representation. Finally, this non-elected body has the power to frustrate the declared will of the Canadian people for a period which may run to several years, and it has done so on occasion in the past. I need not go into the matter farther—

Mr. DEPUTY SPEAKER: The hon. member is now reflecting upon the other place, and I must ask him to discontinue.

Mr. THATCHER: I shall not go into the matter farther at this time, Mr. Speaker, but I would remind the house that only last October one hon. gentleman from the other house described that body as the finest old age pension club in the world. As I have said, our group favours the abolition of the senate, but if the government is not prepared to do that at the present time I suggest that it bring about much needed reforms in the Senate. May I suggest that, first, it should rectify unfair representation in that body; second, it should put an age limit on the members; third, it should make the Senate an elected body, and, fourth, it should place a curb on its power to veto parliamentary legislation.

The resolution before the house to-day is good as far as it goes, but in my opinion it does not go far enough.

Mr. JEAN LESAGE (Montmagny-L'Islet): Mr. Speaker, I listened with the greatest interest and admiration to the magnificent constitutional study given this afternoon by the hon. member for Stanstead (Mr. Hackett). I also commend the spirit of justice which inspired the hon. member for Cochrane (Mr. Bradette); let us hope that a great majority of the members from his province will follow him. The hon. member for Moose Jaw (Mr. Thatcher) also made a practical and interesting contribution to the debate.

Every hon. member is familiar with the sections of the British North America Act dealing with redistribution. They are sections 51 and 52. I submit it is important that we first study the origin of the sections in order to distinguish between principles and procedure. The Quebec conference which led to the adoption of the Quebec resolutions was held in October, 1864. At page 32 of annex IV of the report to the honourable the Speaker of the Senate of Canada by the parliamentary counsel of the senate, referring to the enactment of the British North America Act under the title, "The Quebec Conference of 1864", I find the following:

Although the Quebec resolutions cannot, in my opinion, for reasons assigned and to be assigned, be accepted as the basis of the British North America Act, it does not follow that they, or the minutes of the conference or any available records of discussions thereat, are not quite material to the purposes of this report. What was resolved at Quebec and what was afterwards resolved at London differed not much in principle, although it differed immensely in detail. That the union should be one of a federal character—that the legislative residuum should be in the central parliament—that parliament's power should be general and provincial powers local—that there should be an upper and a lower house—that there should be three districts in the confederation, each equally represented in the upper house—that the commons representation should be based upon population . . . was all easily settled.

It is important to note, for the benefit of the argument I intend to develop that what was resolved at Quebec, and afterwards at London, did not differ much in principle, although it differed immensely in detail, from the British North America Act itself. The Quebec resolutions dealing with representation in the House of Commons were numbered 17 to 22 inclusive, and also 25. I shall read them, as a basis for my argument:

17. The basis of representation in the House of Commons shall be population, as determined by the official census every 10 years; and the number of members at first shall be 194, distributed as follows:

And then follows the distribution, which I need not quote. Then, they continue:

18. Until the official census of 1871 has been made up, there shall be no change in the number of representatives from the several sections.

Provinces were called sections, in the Quebec resolutions. Then:

19. Immediately after the completion of the census of 1871, and immediately after every decennial census thereafter, the representation from each section in the House of Commons shall be readjusted on the basis of population.

20. For the purpose of such readjustments Lower Canada shall always be assigned 65 members, and each of the other sections shall at each readjustment . . .

And then follows the readjustment, as set out in section 51. Then:

21. No reduction shall be made in the number of members returned by any section, unless its population shall have decreased, relatively to the population of the whole union, to the extent of five per centum.

22. In computing at each decennial period the number of members to which each section is entitled, no fractional parts shall be considered,

unless when exceeding one-half the number entitling to a member, in which case a member shall be given for each such fractional part.

25. The number of members may at any time be increased by the general parliament, regard being had to the proportionate rights then existing.

It is our section 52 of the act. The London resolutions were approximately the same, except for some minor changes, and also for the fact that they were renumbered. We find that 17 became 18, and 18 became 19. Some inconsequential words were added. Then, 19 became 20, and 20, 21 and 22 were renumbered as 21, 22 and 23. In each instance the word province was substituted for the word section.

Let us compare the London resolutions dealing with representation and redistribution with the text of the British North America Act. We cannot find section 18 in the text of the act. I offer it as my opinion that it was the most important one regarding representation in the House of Commons. Resolution 18 contains the very principle of representation in the House of Commons. Although I have read it I shall read it again:

The basis of representation in the House of Commons shall be population as determined by the official census every 10 years.

Two things: First, basis of representation shall be population; and, second, as determined by the official census every 10 years. The other sections 19 to 24 inclusive are reproduced in the statute in their spirit if not in their form. They are sections 51 and 52. They do not deal with the principle of representation, but they deal with the procedure of redistribution.

It is of the utmost importance that we distinguish between principles and rules of procedure to implement those principles. The principle or basis of representation in the House of Commons is not expressly worded in the British North America Act; but it may be inferred from sections 51 and 52, especially if one refers to the Quebec and London resolutions. That is most probably why so many people have always felt that the basis of representation was the number of 65 members for Quebec. Even the hon. member for Lake Centre (Mr. Diefenbaker) the other day as reported at page 2229 of *Hansard* said, when dealing with section 20 of the Quebec resolutions:

For the purpose of such readjustment Lower Canada shall always be assigned 65 members.

Then he went on to say:

That was the basis upon which the provinces of Canada, Nova Scotia and New Brunswick entered confederation.

It has not and never has been a basis. It is only a means of attaining the implementing of the principle which is, and always has been, proportionate representation by provinces according to population.

This afternoon the hon. member for Stanstead contradicted the hon. member for Lake Centre when he said that the basis of representation is population. If the number of 65 members for Quebec was the principle on which the fathers of confederation intended to base representation in this house, what, then, is the use of section 52 of the British North America Act, which reads as follows:

The number of members of the House of Commons may be from time to time increased by the parliament of Canada, provided the proportionate representation of the provinces prescribed by this act is not thereby disturbed.

Everyone will admit that the rules of interpretation of statutes require that a meaning be given to any section in any act. A section cannot have been enacted just for the purpose of putting words one after another. Section 51 already provide a mechanism which may bring about, and effectively brought about, an increase in the number of members when the population of provinces other than Quebec increase more rapidly than that of Quebec.

If paragraph 62 refers to the same occurrence it is useless, unless one concludes that because only the word "increase" is used, no decrease can be made if the population of Quebec grows more rapidly than that of the other provinces. Nobody has ever thought it could mean that, because, first, section 52 would contradict section 51; and moreover it would be in direct contradiction of the principle of proportionate representation by provinces according to population.

The only meaning we can give to section 52 is that not only is the figure 65 for Quebec not the basis of representation but it could even be increased without amending the constitution provided—and I quote from section 52:

. . . proportionate representation of the provinces prescribed by this act is not thereby disturbed.

I do not want and I do not think it is necessary to discuss that point at length. It may be that some other meaning can be given to section 52. But I sincerely wonder which one, if we follow the rules of interpretation. The least we can say is that the wording of section 52 emphasizes the principle of representation which has to be inferred from sections 51 and 52. If what I have tried to show is true, namely, that the principle or the basis of representation is "proportionate representation by provinces according to population" and that section 51 contains the rules of redistribution to put the principle into effect, the question

that comes to our mind is the following: Have the said rules been so interpreted or have they worked in such a manner that the principle of representation has been safeguarded? The answer is certainly no, and everybody admits it. A great injustice has been created by the actual interpretation and working out of the rules. One province has so benefited by the interpretation of one rule that eight of its representatives in this house should not be here because they represent nobody according to our principles of representation. Here we have a resolution that will bring us back to the application of the true spirit of confederation and that will give the same measure of justice to each province.

I was much surprised to hear the hon. member for Broadview (Mr. Church) state in the house the other night as reported at page 2250 of *Hansard:*

It is a political bill. It is not in the interests of the constitution or of real parliamentary representation. It is a half-baked scheme that will lead to more disunity than anything else.

I wonder which is the more political, the bill or his speech. How would one characterize what he added as reported at page 2251 of *Hansard:*

You will not have in this country any longer one province the representatives of which will continue to urge all the things they have urged since the beginning of the session, small secondary matters which do not result in any effective legislation.

I resent deeply that last part of his speech. I contend that any member from any province may urge any measure in this democratic parliament. Even the hon. member for Broadview cannot be denied this right. We do not contest his right to expound his antediluvian ideas about the status of Canada; we only discuss his opinions.

I repeat that the interpretation given by a tribunal, which is not Canadian, to subsection 4 of section 51 of the British North America Act has implied the creation of a privilege for one province to the detriment of all the other provinces. The decision of the privy council has always been considered as binding, whatever may be the considered opinion of the hon. member for Stanstead. Subsection 4 must disappear if we want to reestablish the true principles of representation as set forth by the fathers of confederation. Not only that, but the number of 65 members laid down in 1867 for Quebec when confederation embraced only four provinces and when the population of Canada was very small, is not convenient any longer. As was said by Mr. Georges Henri Dagneau:

(Translation):

In 1867 the extent of Canada's future development was surely not and could not have been fully realized. That is precisely why, by and by, the precautions taken in 1867 in favour of Quebec became useless and, I would say, detrimental to that province. Mr. St. Laurent's argument regarding the injustice of the clause under which a province stands to lose one or more members because of events which have led to an increase in another province's population, seems irrefutable. Quebec's population increases so rapidly that the quotient rises steadily, with the result that certain provinces whose development is held up, for some reason or other, witness a decrease in their representation at Ottawa.

(Text):

As far as I am concerned I cannot conceive that the rules of representation should permit a decrease in the number of members in this house when the population of the nation increases.

The resolution that we are now studying offers the only means of returning to the real spirit of the constitution. Mr. Lorenzo Paré made one of the best comments I have read. I quote:

(Translation):

Canadians are attempting to repair a part of the democratic machine which has become warped through wear. They are trying to restore an essential right of free citizens, inasmuch as the time has come to restore to each the democratic authority to which he is entitled within our parliamentary institutions. At the same time they are trying to respect, according to the spirit of the constitution, a right of which the French-Canadian minority was deprived by the very letter of the constitution. Indeed, the object and the principle of the bill introduced yesterday in the House of Commons by the Right Hon. Louis St. Laurent, is to restore the democratic function of our dominion parliament, by reinstating representation based on population.

(Text): It has been said that we should not base redistribution on the census of 1941, that it would be unfair and that any redistribution should be postponed until after the census of 1951. If in 1943 redistribution was postponed for special and serious reasons it cannot be said that the situation is the same to-day, and I feel most strongly that the fear of small changes in population since 1941, which changes have always occurred in any previous period of ten years, is no reason for delaying redistribution any longer. It is our duty to proceed not only to amend the rules of redistribution but also to proceed with the actual process of redistribution itself. I say this because if the number of 65 members set for the province of Quebec was only a means of attaining the realization of the principle of the proportionate representation of population by provinces, the requirement that redistribution should be proceeded with after each census is part of the principle

itself. I have already read resolution 18 of the London resolutions—resolution 17 of the Quebec resolutions—but I think it is important that I should read the resolution once more to emphasize that last point:

> The basis of representation in the House of Commons shall be population, as determined by the official census every ten years.

Consequently, not only do I approve this resolution, but I ask that redistribution according to the new rules should be proceeded with as soon as the amendment to the constitution is approved by the British parliament.

An important amendment to the resolution we are studying has been introduced by the hon. member for Lake Centre. His amendment is to the effect that the provinces should be consulted on the expediency of amending section 51 and that no such amendment should be made unless a satisfactory agreement is reached at such consultations. His amendment is based on this claim, and I now quote what the hon. member for Lake Centre said, as reported at page 2228 of *Hansard*:

> One of the most consequential provisions of this resolution is the proposal to amend section 51 without consultation with the provinces which will be affected.

I admit that it is a difficult and important matter, and that it should not be dealt with without due consideration. The question is, can a majority of this house ask for an amendment to the constitution without any consultation with or the concurrence of a majority or of all the provinces?

First, let me say that if we amend section 51 it will not create a precedent. Section 51 has been amended many times since confederation at the request of both houses of this parliament and never has there been consultation with the provinces. In an able speech delivered in this house and recorded in *Hansard,* at page 2239, the hon. member for Charlevoix-Saguenay (Mr. Dorion) proved that point beyond any possible doubt. I do not intend to repeat what he has already said, but let me remind the hon. members for Lake Centre (Mr. Diefenbaker), Davenport (Mr. MacNicol) and Peace River (Mr. Low) that I was astonished to hear their sudden solicitude for the province of Quebec; we could not but listen with scepticism to the warnings they addressed to us with pathetic voices. It is surprising, or is it surprising to hear them raise the point for the first time when the proposed resolution is necessary to correct an injustice. In 1943 two of the hon. members I just mentioned were in the house when an amendment was introduced to postpone redistribution, but they did not oppose it. Is this good faith? I will go so far as to say that the mere fact that they take the stand they do convinces me that the present resolution should be adopted. However, I want to discuss for a few minutes the constitutionality of the proposed method of amending section 51.

Is the B.N.A. Act a contract, a treaty, a compact, a compromise, or a statute? That question has been the subject of lengthy and profound studies by constitutional lawyers, able professors and great statesmen in this country. I am not in a position to give a final word, but my opinion is that the B.N.A. Act is a statute based on an understanding which may be called a compact or a compromise between the two great races who were here, in Canada, in 1867.

At the time of confederation, neither Lower Canada nor Upper Canada was satisfied with the working of the system of union and they desired another constitution. Representatives of the province of Canada and of the maritime provinces met in Quebec and London, England, to establish a system of federation in which the rights of the dominion and the provinces would be divided and the rights of the minority would be protected.

The fathers of confederation, when they met at Quebec and afterwards in London, did not write the statute which is now our constitution. They passed resolutions which contained principles. In reality, they made a compromise between the two races, but they did not write the statute, which was in fact written by what I will call a third party. Our constitution is not even part of our own statutes. We have to make a distinction between the compact itself which was the work of the fathers of confederation and the statute adopted by the British parliament.

It is of the utmost importance that we distinguish between the spirit of the compact and the letter of the statute.

I have already tried, and I hope, succeeded, at the beginning of my remarks, to establish that the principle or basis of representation in this house is proportionate representation by provinces. I have already read section 18 of the London resolutions, and I am sure hon. members still have it in their minds.

The other resolutions and section 51 provide only for the mechanism set out at the time, in 1867, according to the then existing conditions, to arrive at the realization in fact of the principle which is part of the compact.

If the principle, the basis, of the compact is not recognized any longer because of an interpretation of the statute which is not ours, and because of a change in conditions which affects the expected result of the procedure, then I say that we must request a change in the

letter of the statute so that the letter of the statute is in accordance with the compact. Let me emphasize, Mr. Speaker, that in asking for the change in the statute as we are now doing, we are far from breaking the compact; on the contrary, we are preserving it. Not only is it the right of this house, but it is its duty to take all means to ensure the preservation of the compact. We cannot risk the refusal, not of one province, but of a provincial government or legislature, especially if that province has been privileged owing to a departure from the principles of the compact.

One may ask, who shall decide the issue? Where does the letter of the statute differ from the spirit of the compact? Who shall decide whether a proposed amendment to the constitution is on a question of principle or on a question of detail, on a material or on a subsidiary issue? Up to now, it has been up to this parliament. All the precedents that we have were "des cas d'espèce." This time, it is once more "un cas d'espèce."

In his speech last week, the hon. member for Lake Centre quoted Doctor Ollivier as follows: *Hansard,* page 2229:

...it is easy to understand the danger in which the province of Quebec stands if it lacks the right to take part in deliberations on the subject of our constitution.

I will answer that in his most remarkable book, "Problems of Canadian Sovereignty," and in his testimony before the committee of 1935 on the B.N.A. Act, Doctor Ollivier divides his proposed new constitution into provisions which, amongst others, could be amended without the consent of the provinces because they affect the federal government alone and others which may require the consent of one, of the majority or of all the provinces, as the case may be.

It is important to note that Doctor Ollivier was referring not to amendments as they have been made since confederation, but to an ideal method of amending the constitution upon which the dominion and the provinces were asked to agree. He was not by any means suggesting that when a certain method has been in use for many years it should be repudiated the moment that the issue is one of rendering justice and fair play to all the provinces.

As I have already said, all previous amendments in matters of representation were "des cas d'espèce" which tended to lead us away from the principle agreed to at the time of confederation. Now that the time has arrived to reestablish the principle, should we raise any objection to the same method of amendment which has been followed in the past?

[Mr. Lesage.]

But I do not say that we should necessarily proceed in the future as we proceeded in the past. I approve the proposal made by the hon. member for Charlevoix-Saguenay to set up a commission to study the procedure for amending the constitution. Moreover, we should have the right to amend our own constitution without suffering the humiliation of having to apply to London every time we want a change made.

I concur entirely in the words of the hon. member for Chambly-Rouville in his interesting speech on the present resolution, as reported at page 2249 at *Hansard*:

Our country now has the right to proclaim to the world its complete sovereignty. It owes to itself, by reason of the reputation it has acquired, alike at home and in international councils, to have that document which characterizes most of the sovereignty and the independence of a nation—its own constitution.

Before I close my remarks, I want to answer the plea, addressed directly to members from the province of Quebec by the hon. member for Peace River. After having opposed the procedure set forth in the resolution, he asks us to join with him in approving the amendment of the hon. member for Lake Centre. He said, as reported at page 2256 of *Hansard:*

Members from the province of Quebec have an opportunity now to strike a blow for unity and good feeling amongst the people of this country.

Let me answer, respectfully but firmly, the leader of the Social Credit group, that we will not follow him. He is asking us to strike a blow for Canadian unity in striking a blow to our own rights. Of course, it would be very easy to save Canadian unity if one of the two main racial groups who compose this nation would bow to all the wishes of the other. We have here a perfect case where Canadian unity will be preserved by applying the full measure of justice. The proposed resolution does not carry any disproportion of privilege to anyone. It gives a full measure of justice. That is the way of reaching Canadian unity, and I stand by it. The hon. member for Peace River asks us to abandon rights for the sake of Canadian unity. Did we not at all times make concessions for Canadian unity and were we not criticized by our own people, and especially by his own supporters in my province, for not having resisted with sufficient energy the requests of the majority?

I will ask the hon. member for Peace River to try to inspire his own party with the same desire for unity and sincere cooperation that has inspired the policy of the party to which I am proud to belong. There is no one in

this house who wants unity in Canada more than I do. Unity in this country is a great end to attain because of the very difficulties involved in giving to each and all an equal measure of justice. Let us hope that all together, with all our good will, we shall bend ourselves to this great task so that Canada will become an example of unity in the divided world of our time.

Mr. A. J. BROOKS (Royal): For the few minutes left this afternoon I am pleased to give my opinion on the resolution which is before the house. First, I should like to congratulate the hon. member for Stanstead (Mr. Hackett) on the brilliant speech he made this afternoon. I am sure that those who followed his remarks will consider that he gave one of the most logical interpretations, if not the most logical, of subsection 4 of section 51 of the British North America Act. I hope I shall be pardoned if I confine my remarks mostly to the effects of this resolution upon the maritime provinces.

I do not intend to deal with the resolution in general, but I shall try to point out how it will affect the three provinces by the sea. I may say at the outset that, in my opinion, if any section of Canada will be more adversely affected than others it will be the three maritime provinces. The maritimes are, as we all know, to-day only a very small section of this great dominion. We have not the importance that we had in the days of confederation. As a matter of fact, one great Canadian statesman said that we were just the rags and tatters of confederation. This, of course, we do not consider to be a fact. However, we sometimes feel that, in view of the treatment we receive, possibly there are others who hold the same opinion.

This question of confederation, which is one that gave our provinces at the time of confederation the greatest concern, has given us also great concern ever since. The strict application of the letter of confederation, as laid down in the British North America Act, has resulted in the representation of these three provinces being reduced materially from the days of confederation. I would point out that we are the only section of Canada which has really lost in representation.

As a matter of history, the province of New Brunswick in 1867 had a population of 250,000 and at that time we had fifteen members. In 1941, with a population of 453,000 we had, as we still have, ten members, a reduction of five members or one-third of our representation. The province of Nova Scotia in 1867 had a population of 364,000 and nineteen members. In 1941 their population had increased to 577,000 and they now have twelve members. Prince Edward Island, as hon. members know, had six members at confederation and to-day it has four.

The point I wish to make is this. While the population of New Brunswick has increased 80 per cent from the days of confederation, the representation of our province has decreased 33⅓ per cent, despite the fact that these three provinces have sent people all over Canada to build up the great west. Possibly more than any other section of the Canadian population, the people of the maritimes have helped to build up the west and this great Canada of ours.

We have protested on two different occasions against the reduction in our representation. The hon. member for Stanstead this afternoon cited the case of Prince Edward Island's representation before the supreme court of Canada and the judicial committee of the privy council. We thought that we had good grounds, that we had solid arguments. I am not going to repeat them here but the fact remains that we lost out in those courts. We are not finding fault to-day with this decision. The question of representation, as I say, was decided by the courts of the country, by the supreme court of Canada and by the judicial committee of the privy council. The letter of the law possibly was correct, but we feel that the spirit of the constitution, as represented at the time of confederation, was not carried out. The decision was made on the status, not the intention of the parties, and we are satisfied that it was not intended by those who drafted the British North America Act in 1867.

Quebec was selected as the unit, not because, as someone stated here, it had the largest population, but because the variations in that province would possibly be less than in any other province At that time, however, it was not anticipated that there would be a great increase in the territory of Quebec. The Quebec of to-day is not the Quebec of the days of confederation. Quebec has increased greatly in her territory and the unit of representation so far as Canada is concerned has been greatly increased. As I say, it was never anticipated that there would be such an increase in the unit of representation that the smaller provinces would have their original representation reduced.

I should like to read a quotation which was given by the hon. member for Lake Centre (Mr. Diefenbaker), the other day. It consists of a statement made by the Hon. George

Brown at the time of confederation when he introduced a resolution with respect to representation. He said:

The practical result will be that while Lower Canada certainly will not be less—

I would point out that it has not been less. Quebec has had sixty-five members from the days of confederation; she has sixty-five to-day. I continue with the quotation:

—and the lower provinces may increase in population, they cannot decrease in the number of representatives.

That was the intention of the act at that time, whether it was the letter of the act or not.

I should also like to quote what Sir Alexander Galt said three years before confederation when the terms were being considered. He said:

We have supposed that the population of Lower Canada being tolerably equable in its character, would afford the best basis. But having respect to the rapid increase of Upper Canada, we think the lower provinces should not be reduced if they do not increase in the same ratio. Therefore the lower provinces would have the same as they have now—unless in the very improbable case of any one falling off by five per cent or more.

I would point out that both these men did not anticipate that there would be a decrease, or such a decrease in the representation of the maritime provinces. We have heard this afternoon an explanation of why this five per cent was put in the act. We have heard other statements that it was doubtful just why it was put there. If hon. members would read the history of confederation they would come to the conclusion that five per cent was put in the act to protect the maritime provinces. I confess that it has not acted in that way. These men did not have the vision or possibly the foresight. It has reacted to the benefit of the great province of Ontario, but it has never reacted in any way to the benefit of the three maritime provinces.

I am also satisfied that had the two provinces of Nova Scotia and New Brunswick, which formed two of the great pillars of this confederation and to which this country owes possibly more than is realized by many hon. members here, known that their representation was to be reduced even to what it is to-day I do not believe that they would have joined confederation, and I do not believe that there would be any Canada to-day. We lost all along the line. We lost our trade. Before confederation, the maritime provinces were perhaps the most progressive and the most prosperous parts of the British part of North America. We traded with the New England states; our ports were busy; our farmers received good prices and markets for all that they produced. This was all lost after confederation. We lost our manufacturers. Every small city and town in the maritimes had its manufacturing interests. After confederation, they all moved to Quebec or Ontario. We have now lost our representation and our United States trade.

When I was in London a little over a year ago I had the honour and the pleasure of visiting Sir Andrew Rae Duncan, who, as hon. members will remember, wrote the Duncan report on the rights of the maritime provinces. He asked me what part of Canada I came from. I said: "I come from the province of New Brunswick." He said: "Well, there is only one thing I can say about you people in the maritime provinces. You are the most long-suffering people that are to be found most anywhere in the world." He told me that the Duncan report had never been implemented; that we had in no way received from the rest of Canada the rights to which we were entitled, and which he recommended.

After confederation, we expected our province to increase in population. For instance, Saint John was told that it would be the Liverpool of America. Anyone can go to Saint John to-day and see how the trade of that port has decreased, except in war time. I might also point out that before confederation Saint John was the fourth largest shipping port in the world.

A few moments ago I mentioned that the yardstick of representation had been increased. I would point out that in 1898 100,000 square miles were added to Quebec. In 1912 another 400,000 square miles were added to that province. The unit of measurement became completely out of line.

There has been an increase in population in other provinces out of proportion to the maritime provinces, because not only did Quebec receive a great increase in territory, but Ontario was greatly increased. All this northern country, these great rich mines which Ontario and Quebec have to-day, were given out of the realm of this country which belonged as much to the maritime provinces as it did to any other part of Canada. They purchased from the Hudson's Bay company great stretches of territory. This territory was purchased with money belonging to the people of the maritime provinces and from other parts of Canada. We in the maritimes cannot increase in area; we are circumscribed by the sea. The little province of Prince Edward Island is an island. There is no possibility of its increasing its territory. Nova Scotia is almost completely an island. She cannot increase in area. New Brunswick

could not increase in area unless we took a part of Quebec. If we took part of Quebec we would have to take over the constituency of Temiscouata, and as everyone knows that would only be borrowing trouble for New Brunswick, much as we would feel honoured by having the hon. member for Temiscouata (Mr. Pouliot) a representative of the province.

Some people think our provinces are not densely populated, but to show the house that we have the most densely concentrated population in Canada I shall read from the Canada Year Book of 1941, which shows that in that year the number of persons per square mile was as follows: Prince Edward Island, 43.52, the highest in Canada; Nova Scotia, 27.86; New Brunswick, 16.65; Quebec, 6.36; Ontario, 10.43; Manitoba, 3.32; Saskatchewan, 3.77; Alberta, 3.20 and British Columbia, 2.28. From these figures it will be seen that while the population of our provinces has in no way reached the saturation point, yet we have far more people to the square mile than has any other part of Canada. There is no possibility of increasing our territory and we cannot hope for a greater population because, as I say, we are the most densely populated part of Canada to-day. They speak about representation by population. That sounds very good, but I should like to ask when we have ever had in fact representation by population in this country. If hon. members will read the history of Canada they will find that such has not been the case. For instance, when Manitoba came into confederation in 1870, according to her population and taking Quebec as the yardstick she was entitled to only one member, but she was given four. In other words, her representation was four times that to which she was entitled. In 1881 she was entitled to three members and was given five. In 1873 Prince Edward Island was entitled to five members and was given six. At confederation British Columbia was entitled to two members and was given six.

Mr. REID: Three.

Mr. BROOKS: British Columbia was given six members at confederation.

Mr. REID: Three members of parliament and six senators.

Mr. BROOKS: My understanding is that British Columbia refused to come into confederation unless she was guaranteed six members; and if the hon. member for New Westminster (Mr. Reid) will look up the records I think he will find that to be the fact. In 1881, quite a number of years after British Columbia came in, she was entitled to only two members, but she still had six. I mention these facts to show that while we speak about representation by population, that theory has never been followed in this dominion. Population has never been the exclusive yardstick.

We may be told that the maritime provinces are given special consideration under the provisions of this resolution. We have had those special provisions since 1914. Nothing new is being given the maritime provinces; as a matter of fact, if we analyse it, something is being taken away In 1914, I think it was, Mr. E. N. Rhodes was responsible for the inclusion, in the petition then being sent to Westminster, for the following:

> Notwithstanding anything in this section, if upon completion of a computation under rules one and two, the number of members to be assigned to a province is less than the number of senators representing the said province, rules one and two shall cease to apply in respect of the said province, and there shall be assigned to the said province a number of members equal to the said number of senators.

This principle, though perhaps not in those words, was enunciated by Mr. Rhodes, and he was responsible for the consequent amendment at that time. As I tried to point out a few moments ago, we do not consider our representation fair and adequate in view of the importance of our three provinces. In the first place, they are important from a geographical point of view. I ask hon. members to think what Canada would be without the maritime provinces. We have just passed through a great war, during which the great port of Halifax in the maritime provinces played a part as important as that played by any port in the British empire or possibly any of the allied nations. I have seen from a hundred to a hundred and fifty ships lined up in Bedford basin carrying food, munitions and soldiers. Our soldiers fought a great fight, but the port of Halifax played a great part in preserving liberty not only in this country but throughout the world. I could point also to the contribution made by the city of Saint John in the same way, and to many other contributions we have made of our resources, which were handed over to the dominion at the time of confederation. It is not necessary for me to go into details; I am sure if hon. members will stop and think for a moment they will realize the great importance of the maritime provinces. During the winter, when the great ports of Montreal and Quebec are sealed with ice, the trade of this country depends upon Saint John and Halifax.

It may be said that this is not the pact of confederation. Well, I would point out that as far as this pact is concerned the letter of

the bond has not been observed in the past. On that point I should like to quote a gentleman who left this house not long ago, who I consider was one of the great members of this parliament in recent years. I refer to Hon. Mr. Ralston, who in 1933, at page 5519 of *Hansard* for that year, referring to the British North America Act said:

> The letter of the bond has not been observed and nobody has insisted upon it being observed in the matter of relief. The letter of the bond was not observed in the matter of the return of the natural resources which were the property of the dominion. The letter of the bond has not been observed with regard to the extraordinary efforts which have had to be made in order that our people may be clothed and fed and in order that the emergent conditions in which we find ourselves may be met.

Our provinces have always felt that if the spirit of the British North America Act had been carried out, New Brunswick, Prince Edward Island and Nova Scotia would have the same number of members to-day that we had at the time of confederation. Australia, possibly bearing in mind what happened in Canada, took care to see that the smaller states were not affected in this way when that country was united into one great commonwealth. Of the 75 members in their house one state had 26, another had 23, another 9, another 7, and two others 5 each. Their act contained express provision that none of these states should have fewer members than it had at the time of the union, and that provision has been carried out. In 1907, when Mr. Hughes of Prince Edward Island brought up in the House of Commons this matter of representation, many of the leaders of that time, including Sir Robert Borden, Sir Wilfrid Laurier, and others, spoke on the question. The hon. member for Lake Centre has placed on *Hansard* many of the opinions expressed on that occasion by these great statesmen. At page 2202 of *Hansard* for 1907 Sir Robert Borden said:

> I am inclined to think that the larger provinces would answer a question of that kind very much in the spirit which the Prime Minister himself has expressed and would be inclined to give the three maritime provinces, whose population has not increased so rapidly as that of other parts of the dominion, representation which should never be smaller than at the time when those provinces entered confederation.

Instead of the same representation, as I say, our representation is growing smaller as time goes on.

In 1907 Sir Wilfrid Laurier spoke in the same debate, and discussed the question brought up by the hon. member for Lake Centre, a question which is of vital importance to hon. members from the maritime provinces. I believe it is more vital to us than to the people in any other section in Canada. We stand to lose the most. I hope every member from the maritimes, be he Liberal or Progressive Conservative, will support that which I believe will be in the best interests of our three provinces.

Mr. BRIDGES: What about Canada?

Mr. BROOKS: We are part of Canada.

Mr. BRIDGES: What about the best interests of Canada?

Mr. BROOKS: Let me point out to the hon. member for York-Sunbury (Mr. Bridges) that he is a representative from New Brunswick; and we expect him to represent that province, and to see that it is looked after.

Mr. BRIDGES: And I also represent Canada.

Mr. BROOKS: I would also point out that the other day when he voted to change Dominion day to Canada day he did not represent more than one-tenth of the people in his constituency. He is a new member in the house—and a very fortunate one. As I told him, when I congratulated him some time ago, it was possibly a Hobson's choice which placed him in the position he occupies to-day.

Mr. BRIDGES: I am at least a Canadian.

Mr. BROOKS: I am as good a Canadian as you are.

Mr. BERTRAND (Laurier): You do not show it.

Mr. BROOKS: I should like to quote the words of Sir Wilfrid Laurier, as they were expressed in 1907:

> Confederation is a compact, made originally by four provinces, but adhered to by all the nine provinces, who have entered it, and I submit to the judgment of this house and to the best consideration of its members, that this compact should not be lightly altered. It should be altered only for adequate cause, and after the provinces themselves have had an opportunity to pass judgment on the same.

That was a leader of the party opposite. No one, least of all, I am sure, the hon. member for York-Sunbury, will question the Canadianism of Sir Wilfrid Laurier. He continued by saying:

> My hon. friend from York, N.B. (Mr. Crocket), stated in the course of his argument that we have announced in the speech from the throne that we are going to ask parliament to alter the financial terms of confederation. That is very true; but my hon. friend should know that we did not come to that conclusion except after conference with the provinces and after all the provincial governments had united in a prayer for the same.

That was on a financial matter; and I would say that representation of the people is of far greater importance than a matter of finance.

Then, speaking on the same day and in the same debate Sir Robert Borden said this, as reported at page 2200 of *Hansard*:

I agree with what has been said by the right hon. gentleman regarding the undesirability of lightly amending the terms of our constitution and am inclined to agree with him on the necessity of some consultation with the provinces, although of course all the provinces are represented here. But inasmuch as this is a federal compact which we are asked to vary, it is only right that each province should be consulted and its decision given, in the right of its separate entity. But I am not inclined to agree altogether in some of the suggestions urged by my hon. friend.

I could go on quoting the words of leading statesmen and, as my good friend the hon. member for Stanstead has said, from the words of the best constitutional lawyers this country has ever produced. One could quote from them all where they have said that in a matter of this kind the provinces should be consulted.

I hold in my hand a quotation from the words of E. M. Macdonald, who at one time was a representative of Pictou in this chamber. At page 2186 of *Hansard* of the same year, 1907, he stated most emphatically that in a matter of this kind the provinces should be consulted. If my memory serves me correctly, E. M. Macdonald was one of the leading Liberals from that province.

We do not fear so much some of the older provinces in the dominion. We do not fear Quebec; she has been our neighbour since confederation, and I think no one will say that the maritime provinces and Quebec have not got along well together. We feel, so far as that old province is concerned, that with their generous nature we shall be used properly.

We do not fear the old province of Ontario which, too, was one of the cornerstones of confederation. The history of that province is old, like that of the maritimes and Quebec.

So far as the west is concerned, one might say they are new. Possibly they do not have the same ideals as the older provinces have. Those provinces have been populated with people from all parts of the world, to a greater extent than in the other provinces. The ancestors of the families in these older provinces came to them 300 or 400 years ago. But in the western provinces—and I have no criticism in this regard—many of their people came from different sections of Europe. They filled western Canada, and I do not believe they understand fully the history and traditions of Canada, as do the people in the older provinces.

I am reminded of this when I hear statements such as those made this afternoon by the hon. member for Moose Jaw (Mr. Thatcher) who said that when or if the C.C.F. party comes into power, the first thing they would do would be either to abolish or reform the senate. What would it mean to the protection of the maritime provinces, with the section in the act as it now is, if the senate of this country were abolished? What protection would we have?

It is for reasons such as this, that I appeal to the house not lightly to allow a change in the act so that, if by any chance—and God forbid that it should happen—a C.C.F. government should take office, with their ideas of reforms, the old traditions and customs might be preserved.

Mr. KNOWLES: Time marches on.

On motion of Mr. Brooks the debate was adjourned.

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

Thursday, June 13, 1946.

The house met at three o'clock.

RIGHT HON. C. D. HOWE

APPOINTMENT TO HIS MAJESTY'S PRIVY COUNCIL

Mr. JOHN BRACKEN (Leader of the Opposition): Before the proceedings of the day are entered upon I should like to refer to a matter which I am sure will be of interest to every member of this house. I refer to a report in the morning press that one of our number has been distinctly honoured since we met here yesterday. I wish to take this opportunity on behalf of my associates and myself, and on this occasion I think I can speak for every member of the house, of extending to the Right Honourable Minister of Reconstruction and Supply (Mr. Howe) our sincere congratulations.

We regard it occasionally as a privilege, sometimes as a right, always as a responsibility, to tell the minister how he can do his job much better than he has done it before or is doing it now. But on an occasion like this, when his war-time service has been recognized by the crown and when it has been expressed in his appointment to the high position of member of the king's privy council, it is one time when we can extend to him our warmest congratulations on this recognition

of a war-time task well done. I make these comments whole-heartedly on behalf of every member of this group and, I would like to think, of every member of the house. It is an outstanding honour which has come to one of our members, an honour which is richly deserved.

Mr. M. J. COLDWELL (Rosetown-Biggar): Mr. Speaker, I should like on behalf of this party to associate myself with the words of the leader of the opposition (Mr. Bracken). We may not always agree with the minister in some of the policies which he is placing before the house or has placed before the house in days past. But I think we all recognize that the distinction conferred upon him to-day is a mark of the appreciation not only of Canada but of the British commonwealth of the remarkable services which he made to the common cause during the war.

Mr. SOLON E. LOW (Peace River): Mr. Speaker, I am sure that the members of my group would want me to join with the leader of the opposition (Mr. Bracken) in expressing our sincere and warm congratulations to the right hon. gentleman who has been distinctly honoured by being made a member of the king's privy council. It is not inconceivable, sir, that the contribution of the Minister of Reconstruction and Supply during the time that he was also the minister of munitions during the war was responsible for the victory of the united nations. I think that that is quite possible. While, as the other two gentlemen have said, we may not always have agreed with the things done by the right hon. gentleman, we must admit that all he does is done with a whole heart and a good spirit and with real intent; and we congratulate him upon his success and upon the signal honour which has come to him.

Some hon. MEMBERS: Speech!

Right Hon. C. D. HOWE (Minister of Reconstruction and Supply): Mr. Speaker, I wish to thank the leaders of the opposition parties for their very kind words on this occasion. I feel that the cordiality of the reception of the news in this house almost equals the honour itself as conferring on me a real distinction. I can only hope that I can continue to serve Canada in a manner worthy of the honour which has been bestowed upon me.

COAL

UNITED STATES EMBARGO—MOTION FOR ADJOURNMENT UNDER STANDING ORDER 31

Mr. T. L. CHURCH (Broadview): Mr. Speaker, I ask leave to move, seconded by the hon. member for Davenport (Mr. MacNicol), the adjournment of the house under standing order 31 for the purpose of discussing a definite emergency, a matter of great and urgent public importance, namely, the United States embargo on coal, issued on June 11 to the Ore and Coal Exchange of Cleveland and on account of the great lakes shipping strike, which embargo was temporarily suspended, and also the tie-up of nearly 25,000 hopper coal cars at United States lake ports ready to unload coal for Canada to Canadian ships, and to discuss the grave peril of drastic shortages of supply to Canadian homes without any supply whatever, especially in central Canada next fall and winter, and the urgent need of an all-Canadian national coal policy accordingly.

Mr. SPEAKER: I am not quite sure that this is a matter of urgent public importance, but of course, under standing order 31, if twenty members rise the hon. member may proceed.

And leave having been granted:

Mr. CHURCH: I shall not detain the house for more than a few minutes. I first brought up this important question of a national fuel supply and a national policy for Canada on March 19, 1923. I am not going to repeat now what I said at that time, and what I have reiterated several times since, but I wish to impress upon the government the gravity of the present situation, especially to central Canada. An opportunity will be afforded me, I have no doubt, under the main estimates to go into this matter more fully, but at the moment—

Some hon. MEMBERS: Louder.

Mr. CHURCH: Louder? Well, Mr. Speaker, I am not going to speak for more than five minutes this afternoon, and I want to impress the importance of this matter on the government and on the Minister of Reconstruction and Supply. By the way, I knew him when he was a young engineer and I should like to congratulate him now on the honour that has come to him. To come back to the coal question, we are faced with the most awful winter that Canada will ever have experienced. I have urged upon the government from time to time the importance of a national fuel policy. According to the latest reports we have received, we shall be shut out from the United States this winter by embargo as far as a coal supply is concerned. Geologists there say that they have a supply for seventy-five years, and I do not think that Canadians should depend further upon the United States for their coal. Thousands of cars are tied up in the United

States—twenty or twenty-five thousand American cars at lake Erie ports—and I suggest that the time has come for us to take action and move them. In Alberta and in the maritime provinces, I suggest, lies the solution to our problem, through a national fuel policy. Although, as I have said, I first brought this matter to the attention of the house on March 19, 1923, little has been done about it by the government. The problem is largely one of transportation, and the shortages are in the central provinces, in which there are no coal deposits. The east should move coal as far west as possible; Alberta should move it as far east as it can, and it is for the government now to take active steps to solve the problem by a national supply.

I would ask the hon. gentleman who is seconding the motion to say a few words on the subject.

Mr. J. R. MacNICOL (Davenport): Mr. Speaker, the hon. member for Broadview (Mr. Church) deserves the unstinted praise of the whole country for his energy and foresight in bringing this resolution before the house, and Your Honour also deserves unstinted praise for allowing it to be presented for discussion. I wish also to thank the house for allowing it to be discussed.

Before I proceed to address a few words to the Minister of Reconstruction and Supply (Mr. Howe) may I pause to congratulate him personally upon the high honour that has been conferred upon him. I have said on many occasions across the floor of the house that he is one minister who invariably knows what he is talking about, who knows all the answers; he has a vast fund of information such as few other men in this house can draw upon. Once more I congratulate him sincerely on the high honour that has been conferred upon him.

A few days ago the minister made this statement, as quoted in this morning's *Globe and Mail* of Toronto, which brings it up to date:

> Unless the production and transportation of coal is resumed in the United States in the near future, the central provinces of Canada are faced with nothing less than a calamity, and our people and our industries may be faced with hardship and distress on a scale never experienced during the war years.

That announcement by the right hon. gentleman has caused in my part of the country very grave anxiety over the possible experience next winter. It was quite right that he should warn the people of the calamity that is facing them, and it devolves upon the whole House of Commons to see that that threatened calamity is averted, or at least the severity of fuel conditions mitigated as far as possible.

We take up a lot of time in this house on matters of little or no importance, the decision of which is of little consequence to the people, but here is something that is of colossal import to everyone. When I was last at home I went to my old coal dealer and was informed that it was useless leaving my order for coal. I have quite a number of buildings and the comfort of their tenants depends upon me. For their safety I may have to order oil burners. In my own home I have to take out two boilers and have them replaced with a single boiler equipped as an oil burner. I do not mind doing that, but everybody cannot do it. In my own section of the city there is a large working-class population. It would be certainly financially impossible, for one out of twenty-five to buy an oil burner. They have to burn coal. It is a tremendous problem for these humble homes, in which from ninety to ninety-five per cent of the population reside. They will be the sufferers if they cannot get coal. The other five or ten per cent may be able to purchase oil burners. If they are able to obtain the oil they will not suffer, but the great mass of Canadians, particularly in Ontario and Quebec, which provinces have no coal of their own, are in jeopardy.

I am sorry to learn that the anticipated production of coal in the lignite area of northern Ontario is not to be had. It has been found that the moisture content of the lignite coal there is so great that the cost of production would far exceed the value received. That will be a serious blow to northern Ontario, because, as the hon. member for Timiskaming will say if he speaks on this subject, they have been expecting to get coal from northern Ontario. Therefore from whatever point of view it is considered it is a serious problem and a great menace to Ontario people.

I am now going to speak particularly for the people of Toronto. In Toronto we have an energetic mayor. He is always keenly alive to the best interests of the people. A few days ago he issued a solemn warning which can be found in the Toronto *Telegram* of June 7, as follows:

> The mayor pointed out that last year, to June 6, eighty-six coal-carrying ships had docked in Toronto harbour, with 418,849 tons of coal. This year to date, only twenty-six ships have arrived with 97,440 tons, a loss to date of 321,409 tons.

This is a most serious threat to the comfort of the people of that city during next fall and winter. Within three months time

we shall start burning coal in Toronto. The month of June is half gone. How many homes in Toronto have coal I do not know; I have not any, I could not get it. The great majority of homes in Toronto are without coal, and within three months we shall have to start burning it, because many of the homes in that city are heated in the winter with hot water. That system of heating has the reverse effect in the fall months if the heat is not on. The radiators, being full of cold water, will cool the house down to an almost unbearable degree. Therefore it is a matter of vital importance to these people. The minister is probably doing all he can with the staff under his control, but we have to do more than that. What more can be done at the moment I do not know.

Yesterday the coal controller issued a statement in which he said, according to the Toronto *Globe*:

> The shortage in the central provinces this winter is estimated at somewhere near 5,500,000 tons.

This is a serious problem for the people in the central provinces of Quebec and Ontario. I wonder if hon. members realize what it means for the two provinces to be short 5,500,000 tons of coal. It has been said by some that we might use hydro-electric power. Well, the hydro commission in Toronto issued a statement in which they said that to heat five per cent of Toronto homes would require one-third of the hydro power, which is somewhere in the neighbourhood of two and a half to three million horse-power. It would mean that if the homes of Toronto and environs were to be heated by electricity, one-third of all the power that hydro has would heat only fifteen per cent of all the homes.

I am not going to proceed at any length. I am sure that what will be said by the mover and what will be said by the hon. members will attract the attention of this house. That is what we must do—attract the attention of the house to the serious threat to the health of the people of these two great central provinces—I shall not speak of the other provinces at the moment—I certainly will support the minister in anything he can do to expedite shipments of coal and its delivery to the dealers in Ontario and Quebec.

Mr. CLARENCE GILLIS (Cape Breton South): There is no doubt about the seriousness of the matter raised by the hon. member for Broadview (Mr. Church), but in reading the document that he passed to Your Honour I find that he has it chewed up in such a fashion that it is difficult to understand exactly what subject he wants action on at the moment.

[Mr. MacNicol.]

The seriousness of the coal situation in Canada did not develop yesterday or the day before. It has been slowly developing over the last twenty years, and it has been heading inevitably toward what we have at the present time.

In his motion the hon. member for Broadview deplores the fact that the United States has placed an embargo on coal. I would not expect them to do anything else. The people of the United States have developed their own resource to take care of their own requirements. In addition, in the last three or four years they have been exporting twenty million odd tons of coal to Canada to help us out. It is an indictment against us. We should not scream because the United States government is protecting its own people in their fuel requirements. The indictment in the statement made by the hon. member for Broadview is against ourselves, in that although, a nation of eleven million people, are in possession of one-half of the north American continent, which has as great fuel resources as has the United States, we have neglected to develop our own resource to meet the requirements of our own people. I have no argument or quarrel with the United States government for seeing that the requirements of its own people are met at this time.

As to overcoming this fuel shortage, I do not expect the minister to do it, because you cannot cure in a short time a disease that has been growing for more than twenty years under both Liberal and Conservative administrations. For the last twenty years particularly I remember pilgrimage after pilgrimage leaving the mining areas, both east and west, and converging upon Ottawa with briefs, the preparation of which cost a great deal of money, pointing out to both Conservative and Liberal administrations the situation which was slowly developing and indicating that the time was approaching when, if Canada did not expand her own resources, we could not expect to lean on the United States. I have said that in this house many times during the last five years. The mechanics of a national fuel policy have been set out time and again by representatives of the miners' union, by provincial governments and by interested citizens. Unfortunately all these submissions went to the archives, and nothing was done.

In my opinion the Minister of Reconstruction and Supply (Mr. Howe) is helpless to do very much at this time. You cannot develop a mine overnight; you cannot increase production in old, worn out mines. In the beginning of the last war the recommendation was advanced in this house, and in briefs submitted to the government, that new development

should be undertaken in the coal fields. That requires a large capital outlay. The present operators are not going to spend the money; they have made this abundantly clear. No agency in Canada, other than the government, is going to tackle that problem and make the capital expenditure necessary to increase both the quantity and quality of fuel available in this country. The government cannot meet the present emergency, either, because I do not think production can be stepped up in the industry as it exists at present. A royal commission has been set up to study this question, and by this time I suppose that commission knows more than anyone else in Canada about the possibility of increasing production and the problems of marketing our coal. I suggest to the minister that he get in touch with the personnel of that commission and ask for an interim report on the possibility of getting additional production. I do not expect the minister to be able to do anything about it. I do not know what the royal commission would suggest, but I see no possible chance of improving the situation to any great extent from Canadian production; so if we are to depend upon our own production this year a great many people in Canada will go cold. The only solution is to get assistance from the United States, as we have done in the past.

The hon. member for Broadview also points out that some fuel is available in the Untied States, but that because of the strike on the great lakes that coal cannot be brought across to Canada. As I understand the hon. gentleman's motion, there are some 25,000 cars at lake ports. I am not going into the merits or demerits of that strike on the great lakes, though I will say that it too is the result of neglect. I do not think the strike on the great lakes ever should have developed. The only question at issue there is the establishment of an eight-hour day, something every other classification of worker on this continent secured many years ago by legislation.

Mr. MITCHELL: My hon. friend speaks of neglect. Neglect by whom?

Mr. GILLIS: Neglect by both Liberal and Conservative governments.

Some hon. MEMBERS: Oh, oh.

Mr. GILLIS: They have been in power.

An hon. MEMBER: How about the C.C.F.?

Mr. GILLIS: We have not been in power yet. When we are, you will not have any discussion of this kind taking place. If we had been sitting over there when this war broke out there is no doubt about what we would have done in connection with fuel. Do you know our policy? We would have developed new mines.

An hon. MEMBER: We would have lost the war.

Mr. GILLIS: I get a lot of fun out of this sort of thing. Every time you throw a stone into a pack of wolves you hear a howl from the one you hit. This is just a natural development; I don't mind it. He who has a guilty conscience is very susceptible to criticism.

Mr. GRANT: You would not have won the war.

Mr. GILLIS: Well, if there were enough C.C.F. governments in the world, there would not be any war. There would be no hungry people, no poverty and insecurity, and no reason to go to war. I say to the present Minister of Labour (Mr. Mitchell), in a kindly way, that the matter has been neglected. As I said a moment ago, most of the other workers on this continent have the eight-hour day by legislation, and have had it for a long time.

Mr. MacNICOL: Coal miners should have it. Why haven't they?

Mr. MacINNIS: They have it.

An hon. MEMBER: What about the fishermen and farmers?

Mr. GILLIS: They regulate their own hours; there is no boss over them with a whip. If a farmer or fisherman wants to get up at four o'clock in the morning, that is up to him. In the field of industry, however, legislation is possible, and the seamen come within that category. I think back in 1919 or 1920 the Canadian government signified by an international understanding that it was favourable to an eight-hour day for seamen. The only point at issue in the seamen's strike is the granting of an eight-hour day and the establishment of a three-watch system on the boats.

Mr. MITCHELL: I do not like to say this, but my hon. friend should look into the thing. I agree that one of the points of dissension is the eight-hour day, but that is not all.

Mr. GILLIS: There are other incidentals.

Mr. MITCHELL: They are more than incidentals.

Mr. GILLIS: I think that is the basic problem at issue in the strike. If that question could be satisfactorily dealt with, I believe the other matters of wages and so forth could be ironed out without great difficulty. When

I say it is a matter of neglect, I say any government that entered into an international understanding twenty odd years ago that seamen should have an eight-hour day should have done something about implementing that understanding. Hon. gentlemen to my right had a chance to do something about it from 1930 to 1935, but they neglected it also. In addition to the government not having implemented that international understanding, however, there is the problem of our present labour legislation. A few days ago the minister stated—

Mr. SPEAKER: Order. I wonder if the remarks of the hon. gentleman are relevant to the question before the house. He will see in the motion of the hon. member for Broadview these words:

—and to discuss the grave peril of drastic shortages of supply to Canadian homes without any supply whatever, especially in central Canada next fall and winter, and the urgent need of an all-Canadian national coal policy accordingly.

An hon. member has the privilege of moving the adjournment of the house to discuss an important and urgent matter, but the remarks made should be relevant to the motion before the house.

Mr. GILLIS: I have read the motion very carefully, Mr. Speaker, and I am following it clause by clause. As I said when I rose, the motion is so badly twisted that it is difficult to understand exactly what is required. I do not blame you, Mr. Speaker, for being confused. When I discuss a subject I always try to speak with relevance to that subject. I have read carefully the part of the motion which deals with the embargo—the preamble, one might call it—and I am trying to follow the suggestion contained in the hon. member's motion that there are certain reasons for the shortage of fuel in Canada. The hon. member says this:

The United States embargo on coal, issued on June 11, to the ore and coal exchange of Cleveland, and on account of the great lakes shipping strike—

That is it.

—which embargo was temporarily suspended, and also the tie-up of nearly 25,000 hopper coal cars at United States lake ports.

One would get the impression that the hon. member for Broadview is telling the house that there are 25,000 cars of coal on the other side of the border which could be made available to the country if the strike on the great lakes were settled. If that is so, I believe I am in order in discussing the relevancy of that strike to the Canadian fuel situation, and in suggesting to the minister ways and means whereby the strike might be avoided and settled, in order to get the coal into Canada by ships.

I had begun to point out to the minister that I believe much of our difficulty to-day in the field of labour has arisen from the fact that there have grown up in Canada during the war a series of emergency measures in respect of labour which, while applicable during the time of war, after the termination of hostilities are not suitable, because we are now facing a completely new problem. The mechanics available in the Department of Labour to-day for the settlement of disputes should be revamped to meet the new conditions. Instead of having to go through all the ramifications of war labour boards, there should be a shorter cut. Those boards create antagonism in the minds of the workers, with the result that we have upheaval. I say the time has come when the Minister of Labour should consider seriously the abandonment of regional and national war labour boards. Instead of having that kind of machinery the minister should have regional and national industrial councils, with equal representation from employers, employees and governments. Then instead of the seamen or the steelworkers or any other group employed on certain specific jobs having to sit down and talk to the members of a war labour board, the chairman of which may have studied law and may be most competent in his own field, but who does not understand judging the merits or demerits of a dispute, they would discuss the matter with those more competent to judge.

In my opinion many of the decisions made to-day are faulty because the problems are not well understood. The minister knows these problems, and I believe if he were meeting with those who have specific grievances, together with representatives from industry and from his own department, he could sit around a table with them and could understand what was being said. Each group would understand what the other was talking about.

Mr. MITCHELL: I just completed a four-hour session before coming to the house to-day, and I have been doing that every day all week.

Mr. GILLIS: Yes, but the minister does not make any decisions. His decisions must go back to the national war labour board. I call the minister's attention to the Sydney plant, and the five-cent differential in rate. I know he would have granted that five cents four years ago. But he has not the power; the matter has to go back to the national

war labour board. They rejected it again last week—after four years of discussion. And we wonder why there is trouble!

I am suggesting to the minister the time has come when he should accept more responsibility, by meeting with those concerned, dealing with both sides, talking bluntly and with common sense, to find out which side may be at fault. If that had been done five or six months ago with the Canadian seamen, we would not be confronted now with a strike on the great lakes to-day, and would not be relating that strike to the shortage of fuel in Canada. I ask the minister to consider that seriously.

I believe this strike could be settled; it should have been settled long ago. I do not see how any employer in this country can be permitted to sit down and say, "I am going to tie up the ships on the great lakes because I do not want to recognize an organization, and I do not want to grant an eight hour day to my employees." That is not his prerogative; it is the prerogative of the Canadian government. The eight hour day has been an accepted principle throughout the continent—and was accepted many years ago. When an employer takes the dog-in-the-manger attitude, then I say he is defying the accepted laws of the country. He is being unfair with anyone who is trying to deal fairly with him.

On the other hand if the Minister of Labour, or the government, as indicated a few days ago by the minister, believes that a small group in the leadership of any organization is taking advantage of the fact that the membership are not as well posted as their leaders, and if the minister and government feel that such leaders are manipulating those organizations for political purposes or for their own purposes, then I say the minister should be just as frank with that small group guilty of disruption of production as he would be to the other side. There cannot be any middle-of-the-road policy in a matter of this kind. Neither should one use the big stick on one section and refuse to use it on the other. If the minister takes the position that he is going to be fair to both sides, then he should use the same language to both sides. If the minister believed for a minute that the union was at fault, he should tell them so, and should tell them what they should do. On the other hand he should also tell the employers and owners what they should do, when they say the eight-hour day is not going to be accepted. Let him tell those people that the eight-hour day is accepted, and that it is time they got in line. Let him say: You will fall in with it, or we will put a controller in and take over your business, so that you can have an opportunity to study labour legislation which has been in existence in other parts of the world for many years.

I am not going to occupy more of the time of the house. I leave with the minister this suggestion, that the time has come when he should be facing the situation squarely, when he should be changing existing laws which in my opinion are promoting strikes. Let him be fair to both sides, if it is in the best interests of the people of Canada. Let him not pull his punches when talking to either side; and if he does that, I believe the Canadian people will support him.

I am sorry to find the Minister of Reconstruction and Supply facing this problem. It pleased me to see that he received some recognition for services rendered by him during the war. My experience in dealing with him has been that he wants to get things done. In this instance, however, he has inherited a problem that has been developing for twenty years, and has now reached a point where there is no easy or early solution.

The minister might as well take time by the forelock and make a large appropriation of money to deal with this matter. Let him tap some of the potentially rich seams in Canada, so that we may get ready for the next generation, and will not be left at the mercy of the United States, when they put on an embargo to protect their own people.

Right Hon. C. D. HOWE (Minister of Reconstruction and Supply): Mr. Speaker, I should like to straighten out one or two points, to prevent the discussion in this debate from going too far afield. It has been suggested in the motion that the United States government has put an embargo on coal for shipment to Canada from United States ports. That is not the fact. The fact is that coal has been moving into United States ports in excess of the unloading and yard capacities to handle the cars. The embargo is of a type that is sometimes imposed at the head of the lakes during the grain rush, that is, an embargo against the loading of grain until the congestion at the lakehead could be cleared away. Any boat that can take coal to Canada is being loaded, and coal is moving freely in cars to the extent of the availability of the equipment and the ability of the railroads to move that equipment. I may say that the United States government has always recognized the position of Canada, and is doing so on the present occasion. It is, as it always has been, and is being most helpful in aiding Canada in obtaining her coal requirements.

On several occasions I have sounded a note of alarm with regard to the present position of our coal supply in this country. We entered the summer season with stocks unusually depleted. Canada, owing to the fact that her coal movement must take place in the summer months, has been accustomed to carrying comparatively large stockpiles of coal. The movement of coal was difficult throughout the war, and gradually those stockpiles were reduced until at the beginning of this season of navigation we had very little coal in stock in the country. The movement of coal after the opening has been disappointing. Up to the time of the bituminous coal strike in the United States, the movement had been very much smaller than was usual in any corresponding period in the last few years. The bituminous strike stopped the movement almost wholly. The anthracite coal strike which followed greatly curtailed the movement of domestic coal into this country, and the shipping strike which followed closely on the heels of both has practically brought the movement of coal into this country to a standstill. The result is that we are at least 5,500,000 tons short of the position that we should be in at this season of the year, with no present indication that the situation can be corrected. The fact is that Canada produces 17,000,000 tons of coal and imports 25,000,000 tons, the imports being almost wholly into the central provinces. That coal is imported from the United States.

Much has been said about correcting the situation by mining more Alberta coal, and by shipping more coal from Nova Scotia. The movement of coal from Alberta is limited by the ability of our railroads to move the coal. We have planned for this year a movement of 1,000,000 tons from Alberta to the central provinces, which will be twice the movement that we have ever had in a similar period. That is a phenomenally large movement of Alberta coal to Ontario, and it is all that the railroads believe can possibly be moved. When that coal is moved it will represent one twenty-fifth of the requirements of the two central provinces.

Shipping limitations would make it impossible this year to move more than 3,000,000 tons of coal from Nova Scotia into central Canada. However, we shall be fortunate if we are able to move 1,000,000 tons of coal from the east owing to the fact that production in the maritime provinces provides little surplus over the actual requirements of the maritime provinces. If we could increase the production of coal in the maritime provinces from 5,000,000 tons to 7,000,000 tons, we could probably ship 3,000,000 tons into the central provinces. But there again, if we are able to do that we would be receiving from the maritime provinces only three twenty-fifths of the requirements of the central provinces.

The cold fact of the matter is that we are dependent for the bulk of our coal supplies in the two central provinces on shipments from the United States, and there is no physical means of replacing that coal from other sources. That is a situation which I have never attempted to minimize. Anyone who interjects any note of optimism into the present fuel situation in Canada is misleading the people of Canada. It is a serious situation. Steps have been taken to increase the supplies of fuel oil, both light oil for domestic purposes and heavy oil for industrial purposes. I am happy to be able to report that some progress has been made in that direction. But there again if the coal equivalent of all the fuel oil that can be brought in and stored in this country, or that can be refined in this country, is added to the movement from eastern and western Canada, it means only a matter of two million additional tons of coal. Once again I say that our position next winter will depend wholly on our ability to move coal from the United States into the two central provinces.

It has been claimed in some sources that Canada has no national fuel policy. As a matter of fact it can be said that since 1928 the government has had a definite national fuel policy. In the years 1928 to 1944 there was paid out as assistance to the movement of Nova Scotia coal to Quebec and Ontario a sum of approximately $25,000,000. During the same period there was paid out for the assistance of the movement of coal from Alberta and eastern British Columbia approximately $10,000,000. In addition, between the years 1931 and 1944 the British Columbia industry received assistance on exports and bunker shipments totalling approximately $1,250,000. Nor is that all. From 1930 to 1945 approximately $3,500,000 was paid to the steel industry of Nova Scotia as a bonus for coal entering into the manufacture of steel, and up to 1944 a further sum of $630,000 was paid out under the Domestic Fuel Act on coal entering into the production of gas and coke. Further encouragement to the Canadian coal industry is provided by a duty of seventy-five cents a ton on bituminous coal and fifty cents a ton on United States anthracite. In short, I say that Canada has had a national fuel policy.

I would point out that it is not practical from a short-range viewpoint, for Canada to become self-sufficient as regards coal. The

present estimated consumption of coal in Ontario and Quebec, practically all from the United States, is around 25,000,000 tons per year. Based upon our experience after the last war ended, considering the immense backlog of orders and requirements for manufactured goods, and the probable necessity of moving large tonnages of grain and other food products for export, it can be expected that our coal requirements in this area will remain over 20,000,000 tons for some years.

With a prospective heavy grain movement from western Canada, the present railway facilities will be pressed to the limit to move east 1,000,000 tons of coal, and this requirement, plus the extra coal needed by the railways in the west, will take up practically all available output. From eastern Canada, if production was up to a figure of 7,000,000 tons instead of approximately 5,000,000 tons, it might be possible to move up to 3,000,000 tons. Because of the heavy demand for steel and manufactures of all kinds, it is not practical to consider any substantial increase in railway facilities, since our capacity in that direction will be more or less fully employed in replacing the present equipment that has been worked to capacity during the war. Therefore for some time yet it is simply not practicable to supply our central Canadian coal requirements to any large extent from Canadian sources. The longer range policy is at present under review by the royal commission on coal, and will be examined in the light of the report. An interim report has been requested of the commission, and it is hoped that something will be obtained from that source which will help us in planning a shorter range project. Let me say again, however, that the government cannot change the geography of Canada, nor can it ignore the immutable laws of economics.

The hon. member for Broadview, who introduced this motion, has been for many years an advocate of a national coal policy. I notice that as early as March, 1923, he proposed a resolution in this house demanding that the government institute a national coal policy. I believe that his insistence in advocating such a policy has been a spur to succeeding governments in doing what has been done in that direction. I am only sorry that some steps cannot be taken at this time which will represent an effective short-range policy. But I can assure the hon. member that when the report of the royal commission is received, steps will be taken by the government to see that so serious a situation cannot arise in the future.

Mr. E. G. HANSELL (Macleod): Mr. Speaker, in rising to speak to this motion may I make a preliminary observation: I am a little disappointed that the minister rose in his seat just when I did. I am quite happy, of course, to have you, Mr. Speaker, see the minister before you saw me. He has been honoured to-day, and is a much more important gentleman than the hon. member for Macleod. But I might just mention that too often in debates of this kind our Conservative friends are heard, our C.C.F. friends are heard, and then a minister rises as though there were nobody else in the house to be heard. That very often happens.

Mr. HOWE: Mr. Speaker, I wish to make it clear that I must go to a garden party: that is the reason for my rising when I did.

Mr. HANSELL: We shall have a little party here for a while. The minister is not the only one who wants to go to the garden party. It may be that the group in this corner of the house, speaking, as it does, usually with some authority, causes ministers to rise first in order that they may not be embarrassed by having to answer certain questions which we in this corner might put to them.

However, I am glad that the minister did speak, because what he said is to me an apology for a poor case. He sounded an alarm. He has risen on other occasions and sounded an alarm as to the seriousness of the situation, advising the coal dealers to cut down on their sales because there might be a serious shortage before winter. That is not good enough. We in Canada should have no need of these alarms. Then, again, he tried to focus some of the responsibility and cast some of the blame upon the railroads, on the ground that their capacity was limited. We have had railroads in this country for a good many years, and during the war years they were taxed to capacity, but certainly to-day their capacity cannot be more heavily taxed than it was then. To me, therefore, the minister's apology in that respect was a weak one. He goes on to tell us why this emergency exists to-day. Well, what we rise to tell him is why the emergency should not exist to-day. He tried to convince us; in fact his words were definite, that Canada did have, and has had since 1928, a definite fuel policy. If that is so, it must have broken down somewhere; and if his statement is correct I should like to ask him why it was found necessary last year to bring into existence the Carroll coal commission, whose terms of reference were to study the whole problem of the coal industry in Canada and report

back with some definite fuel policy for the future. His argument there, I am afraid, does not hold water.

The present emergency does not directly affect the Macleod constituency, for we have in that area many mines which can well supply our own people. But it affects my constituency to the extent that we have a large coal mining industry there, in the Crowsnest pass, and that industry is well aware that over the years Canada has not had an adequate national fuel policy. Commissions have been set up, and many committees and boards have reviewed from time to time the coal situation in this country. In fact, we have had a Canadian fuel board whose business it is to go into all branches of research and advise the government on the coal problems of the day. In spite of this, we are in a situation where the people of Canada, a country which produces 18 per cent of the world's coal supply, are likely to go cold and industry is likely to have to stop its wheels of production.

When the war broke out I took a particular interest in this matter, for I recognized that if the coal mining industry did not function properly our war industries would be seriously affected. I took the time to write an exhaustive letter to three ministers of the crown, —the then Minister of Labour, the then Minister of Mines and Resources, and the Minister of Munitions and Supply. I explained in my letter to them that the past records of production of coal in the United States, on which we were dependent for our own coal, showed that should there be any disruption in the coal mining industry there, even to a slight extent, it would seriously affect the industrial war effort of Canada. I put before the minister the seriousness of that situation, for this was before the United States came into the war. I visualized the eventuality of strikes taking place in the United States and I wanted him to guard against the results of any such strikes. I tried to persuade him to tackle the problem before such an emergency arose.

What was the result of those three letters? The Minister of Mines and Resources—not the present minister, but the hon. gentleman who then occupied the office—did not reply to my letter at all; and since that time he has been politically rewarded, for to-day he sits in another place. I do not believe the Minister of Munitions and Supply answered my letter, but I may have to stand corrected in that regard because I am trusting to my memory. The only minister who replied was the then Minister of Labour, the Hon. Mr. McLarty. He told me that he had submitted my letter to his officials for study and advice.

I spoke to him personally on the matter, again trying to show him the seriousness of possible events. Eventually I received a reply from him to the effect that his advisers had gone into the matter very carefully and had even gone so far as to interview—perhaps it was by way of correspondence, because I do not recall—the officials at Washington, and he stated that they were not overalarmed about the situation. They thought they had everything under control.

It was just fortunate perhaps that events did not turn out adversely during the war; but the war is over now, and have they had everything under complete control? We are now faced with an emergency which might have occurred in those days. Fortunately for us it did not, but we are now faced with it, and the government is at a loss to know what to do.

There are one or two other things that have affected the production of coal in Canada in the past and are perhaps still affecting it. One of these is the taxation policy of the government with regard to incomes, because there are many coal miners who will not work six days of the week when by working five days their income remains within certain brackets, whereas by working the extra day—in fact, it is not an extra day but one of the six days in the week—their incomes jump to a higher bracket and, by reason of taxation in that bracket, they work for much less for that extra day. They say, "What is the use? We will stay at home." The coal mines have stayed open just the same. They do not close down altogether because of that extra day, but many man-hours have been lost and a great deal of the production of coal has been curtailed. The result is that we have not mined as much coal because of that particular income taxation policy.

Again, there have been times when coal cars have not been available for the transportation of this coal, and it has not always been because these cars were used for some other purpose. Many times they have stood idle on the side tracks.

The government of this day and governments of the past must take the responsibility themselves for this emergency. No one else is to blame in a country of this kind, endowed with rich coal deposits such as Canada has. There is no excuse for such a situation. If the people of Canada go cold—well, they will not be cold to-day while the minister is at the garden party, but if they go cold this winter, then they should know where to place the blame; they will put it there and they will speak in a voice that political parties will hear at the next election.

There is one other matter I wish to bring to the minister's attention. Perhaps it will be considered as not so important, but there has appeared in some of the newspapers recently the suggestion that a good deal of natural gas in Canada could be piped to our eastern cities. I have not gone into the practicability of that suggestion. I think it is a matter of finance, finding the money to do it. I am quite sure the minister will be able to find the suitable expressions to tell us that it is not practicable, but my constituency happens to take in a part of the Turner valley oil fields. I have wondered many times, as many tourists must wonder, and many honest Canadians must have wondered, at the tremendous waste of natural gas that goes on in those oil fields. There have been days when millions of cubic feet of gas simply burned in the air—every day, as someone says. I have been in those parts and have seen huge flares. You could not get within two or three hundred yards of them without being scorched. There they were burning, day in and day out, year in and year out. I sometimes think such waste is not only a tragedy but an insult to omnipotent creative genius; for the kind Creator has put these things in the ground for the use of his creatures, and what happens? We take them and blow them back in his face.

An hon. MEMBER: Throw them away.

Mr. HANSELL: We throw them away.

Mr. REID: May I ask the hon. member a question? Are these resources not under the jurisdiction of the provincial governments?

Mr. HANSELL: Yes, but the provincial governments do not want this gas to go to waste any more than anybody else does. The provincial governments certainly are not responsible for piping the gas to Toronto or Montreal or some other city. That certainly is a federal responsibility. The provincial governments would be only too glad to tap natural gas into the pipelines if only the federal government will see that the pipelines are built. There is another point, of course, namely, that it takes a lot of money to build these pipelines.

Mr. MacNICOL: It would take $30 million; that is not much.

Mr. HANSELL: The hon. member for Davenport says it would take $30 million. That is just peanuts, small potatoes, chicken feed, anything that is small, small change, collections. It can be done.

Mr. MacNICOL: My hon. friend agrees that $30 million would not be too much to spend to pipe gas from Alberta?

Mr. HANSELL: Certainly it would not be too much to spend.

Mr. MacNICOL: That is what I meant.

Mr. HANSELL: It would be not only a cheap experiment, but one which would turn out to be of great advantage to the Canadian people. It might mean a little disruption in something else; some other industry might be affected by it. Well, governments in power have the responsibility to bring in other legislation so that the whole economy of the country can run smoothly year in and year out. In spite of any praise that can be given to the government for that which they may do—and that applies to all governments—I say to the house that they have miserably failed in respect of a fuel policy for Canada and the Canadian people.

Mr. D. A. CROLL (Spadina): I had originally intended to reply to the hon. member for Macleod (Mr. Hansell). But in the course of his speech he told the story of the three letters which he wrote to ministers, the first one to a minister who became a senator, the second one to a minister who did not reply to him and became a right honourable, and the third minister who replied to him and has now passed to the great beyond; consequently I have decided to leave the matter as it is.

The motion contained two points. First of all, it dealt with the embargo, and, second, with the great lakes strike. The minister's words on the embargo warmed the house when he assured us that there was no such thing as an embargo. Then the question about the great lakes strike comes up for consideration. I appreciate that there is a great deal of confusion in the country as to responsibility. To-day's papers carry the story that the government have laid down a formula which has been accepted by the seamen but has been rejected by the operators. My hon. friend said that the blame ought to be placed where it belongs. All I say is that the house ought to point at the people who are to blame for not settling the strike, and it certainly is not the seamen's union.

Mr. ANGUS MacINNIS (Vancouver East): I should like to say a few words in connection with this matter. There is no doubt that we are confronted with a grave emergency so far as the coal situation is concerned. As the hon. member for Cape Breton South (Mr. Gillis) said, it is not something that has developed overnight, and it has not developed because of any one particular circumstance. Undoubtedly what has intensified the situation is the strike on the great lakes. If that

strike should be settled quickly, perhaps some of the urgency of the crisis would be overcome, but it would not be overcome entirely.

There is a general shortage of coal to-day, pretty well all over the world, and Canada cannot fail to be affected by that to some extent. It is not solely a matter of providing the necessary money. Some mention was made of the fact that $30 million would be required to do certain work in connection with taking natural gas from Alberta and bringing it to Toronto. Perhaps the $30 million could be found much easier for that kind of work than the material and the labour. What the world is confronted with to-day is not that we cannot find the money to do these things. It has been demonstrated that we can find the money. The difficulty which faces us now is that of finding the material and labour, and finding the material is largely a matter of finding the labour to produce the material. It is a matter of organization.

The providing of the necessities of life—and this is one other proof that the providing of the necessities of life can no longer be left to the vagaries of private enterprise which may or may not do the things required—is of paramount importance.

The failure in the coalfields began shortly after the last war. The failure of the coalfields to meet satisfactorily the requirements of people in the various parts of the world began after the last war and it has developed progressively ever since. It is a matter of coal competing with another and cheaper fuel, namely electricity. What the government should do now, regardless of how soon the seamen's strike is settled, is to formulate a national coal policy so that this country can make the best of its great natural resources in western and eastern Canada.

I happened to be in Halifax in October, 1938. There I met a delegation which came from the village of Thorburn, Nova Scotia, to meet the government when the proprietors of the coal mine there, the Dominion Steel and Coal company, I assume, had decided to close that mine. By that action they not only deprived the country of a certain amount of fuel but completely deprived the fifteen hundred or so people of that village—I believe there were some three hundred men working in the mine—of their only means of subsistence. This delegation pointed out that while the existing mine was about depleted of its coal, right within that very district there was an enormous amount of the best coal in Nova Scotia which could be developed; but the owners of the mine said they were not going to develop it until times were more propitious for that to be done. So I repeat that the people of Canada are not going to overcome these difficulties until the government, on behalf of the people, will organize a national fuel policy in order to make available to ourselves the fuel, coal and other fuels, with which this country is so richly endowed.

All I would say in conclusion, Mr. Speaker, is that of course we should adopt every means possible to settle the seamen's strike quickly. Since the eight-hour day is the root cause of the trouble, it is up to the government to see that the eight-hour day is put into effect on all Canadian ships. That would be the first step in ending this emergency. The next step, as I said, is the creation of a long-term national fuel policy which will make use of all our fuel resources.

Mr. J. H. BLACKMORE (Lethbridge): Mr. Speaker, before I proceed with what I had intended to say, might I refer to the remarks of the hon. member for Vancouver East (Mr. MacInnis) who has just taken his seat. The hon. member never misses an opportunity of casting a slur against private enterprise. He pretends to argue that if only the mines of Canada were in the hands of the government there would be no difficulty with respect to this coal situation. Once more the hon. member completely misses the point. Even if the government owned every mine in Alberta and every mine in Nova Scotia, if the government were not prepared to subsidize the transportation of that coal into Ontario and Quebec and to adopt other policies which would result in the distribution of Canadian coal throughout Canada, then certainly the government would have no solution of the problem and we would be in exactly the position in which we are now.

Mr. MacINNIS: Would the hon. gentleman allow me a word, since he has brought my mind into his argument? I think he is the one who is missing the point. I would assume that if the government organized a coal policy for the people of Canada, they would do that very thing.

Mr. BLACKMORE: If the hon. member had only said that, instead of continuing his incessant slur against private enterprise, he might get somewhere.

Mr. MacINNIS: I did not cast any slurs against private enterprise.

Mr. BLACKMORE: We shall let *Hansard* decide.

Mr. MacINNIS: My hon. friend can come to their assistance if he wishes.

Mr. BLACKMORE: My hon. friend and I will settle this some time in the future. Just

now we are talking about a coal policy, and the important thing is to keep one's eye on the ball. In this case the ball is to get all the coal needful in Canada mined and distributed to Canadians. Government ownership or private ownership of the mines makes not the slightest difference; there are other matters involved.

A national coal policy for Canada has been neglected up to the present time, as has been pointed out by several hon. members who have already spoken; and because of that neglect we are now facing this dangerous situation. Why has a national fuel policy been neglected? When I first came to Ottawa in 1936 and began to have some contact with ministers of the crown I tried to urge upon those who were then in power the necessity of developing a national fuel policy, for very much the same reasons which were advanced by the hon. member for Macleod (Mr. Hansell). But I found nothing but deaf ears, which quite confounded me. There were thousands and thousands of unemployed in the mining areas of Alberta. The railroads lacked freight to haul. There was every reason that could be conceived why we should develop our coal industry and bring Canadian coal into Ontario and Quebec. Yet I found no interest; or if there was interest there was only a sort of indulgent and helpless shrug of the shoulders and hands, which quite astonished me. I wondered why, and I have wondered ever since. I have wondered if it is because a great deal of Canadian money is invested in certain mining concerns in the United States, and if certain Canadian interests wanted to have the coal from those mines brought into Canada to find a market here. I have never been able to have that question answered to my own satisfaction, but I have heard rumours which would indicate that the thought was perhaps not entirely without justification.

Mr. KNOWLES: Is that not a slur on private enterprise?

Mr. BLACKMORE: It is not a slur on private enterprise; it is an instance of mismanagement on the part of the government. Of course private enterprise needs to be taken care of, just the same as any ordinary man driving on the street has to be taken care of. A man driving an automobile has to be taken care of by wise traffic regulations; otherwise he may get into trouble. So we introduce and support regulations to see that an automobile drive does not injure people. Why cannot hon. members of the C.C.F. think straight? How is it they are forever short-circuiting their intelligence like that?

Some hon. MEMBERS: Oh, no.

Mr. BLACKMORE: Some of these days there will be a real free for all between myself and the C.C.F. I will take them all on, if I can get them one at a time. I will gladly take them on one at a time, on this question, at any time, because they are just all wrong in their thinking.

There has been a definite neglect on the part of Ontario and Quebec. It is all very well for hon. members from Ontario to rise now and complain about the shortage of fuel in that province. I deeply sympathize with them. But, Mr. Speaker, Ontario and Quebec have been in charge of the policies of Canada for fifty years now; and if those policies have not resulted in a sane development of our Canadian coal resources, then the hon. members from Ontario and Quebec have no one but themselves to blame. It is quite certain that the people of Nova Scotia and the people of Alberta have been eager to develop a national coal policy at least ever since confederation.

Mr. MacNICOL: I might say that during my first term in this house I advocated a national coal policy.

Mr. BLACKMORE: I quite appreciate that there have been some men of vision like the hon. member for Davenport (Mr. MacNicol) and the hon. member for Broadview (Mr. Church), but I must say I have heard no other hon. member of the Progressive Conservative party advocate a national fuel policy until the present time. On other occasions I have heard hon. members from the maritimes rise and plead for a national coal policy, and I have seen hon. members from Ontario and Quebec leave the chamber and refuse to listen to them. They are now going to suffer for their misdeeds. So let us not entirely blame the government, because, after all, governments are controlled by the people who elect the members who support the government; and the people who elect the members who support and control this government are the people of Ontario and Quebec. Let that be thoroughly impressed upon the minds of the people of Ontario and Quebec in all their anxiety about fuel. The solution is in their own hands.

One of the main reasons why governments in Ottawa have not adopted a national fuel policy has been that for some reason or another those governments have rigidly refused to consider a policy of national self-sufficiency. We see that with respect to every commodity that might be named. I have faced it for years in connection with the sugar question. One cannot rise in this house and advocate a

national sugar policy for Canada, but immediately the answer is that we must have trade. I suppose the reason we have not had a national fuel policy for Canada is that we must have trade, even if we have to bring in coal from the United States and run divers dangerous risks in order to have that trade. There has been danger, and there is danger to-day of a serious adverse trade balance between Canada and the United States, a balance against Canada. Every well informed person knows that. Notwithstanding that fact, we have persisted in importing millions and millions of tons of coal from the United States, thereby aggravating the adverse trade balance, instead of developing the coal industry in this country. How can that possibly be excused?

It has been clear to every man charged with responsibility for the last twenty years that there was the greatest kind of danger of an economic struggle in the United States which would tie up production there, and render us vulnerable in the matter of a fuel supply, exactly as has happened to-day. How is it that there has been such a complete lack of vision on the part of those in control of the policies of this country? It will not be so serious if we can have repentance now.

I speak as a representative from one of the major coal producing areas in Alberta. I say that when coal has been shipped from my province to Ontario, our coal, according to reports reaching me, has been mixed in Ontario with trash, with fine pulverized material, literally muck in some cases, and has been delivered as Alberta coal. The object was purely that of discrediting Alberta coal in the minds of the people in Ontario and Quebec, and especially those in Ontario. Nefarious practices such as that are beyond any possibility of condonement. Those things have happened.

Then, we have seen United States producers dumping coal, with apparently nothing being done about it. I am informed that coal producers in the United States have adopted a policy under which they have sold the coal necessary to supply their own needs, and to give them a profit. Then they have had available a vast quantity of coal to be dumped in Canada at almost any price. That coal has been dumped here, while the government has supinely allowed that to take place, notwithstanding the danger involved so far as Alberta and Nova Scotia producers were concerned.

I am informed that as a result of these dumping practices coal from United States coal fields has been delivered at Winnipeg, a city which unquestionably should be a market for Alberta coal. But that whole process has been allowed to proceed.

[Mr. Blackmore.]

Let me repeat that there is only one group of people in Canada to blame for all this, and those are the people in Ontario and Quebec. While the people in Ontario and Quebec have been buying their coal from United States mines, Alberta coal miners by the thousands have been working only two or three days a week, and Alberta coal producing areas have become distress areas, with resultant bad fortune to Ontario producers of goods. How can that possibly be justified? This sort of thing must change in the future if we are ever to be independent of such mishaps as those from which we are now suffering.

There has been too much of determination on the part of people at Ottawa to look at money rather than goods. They have refused to grant adequate subsidies. The Minister of Reconstruction and Supply (Mr. Howe) spoke about a national fuel policy in 1928. What was the matter with that national fuel policy of 1928, and thereafter? It was the simple fact that they would not grant large enough subsidies to make sure that coal from Alberta could be put on the Ontario market in a position to compete with the United States product. At any time they could have increased the subsidy so as to have allowed Alberta to sell her coal in Ontario in any quantities desired. That would have resulted in a fuel policy which would have rendered us more or less self-sufficient, and invulnerable to such mishaps as now confront us.

What has been the real situation with regard to Alberta? We in Alberta have, according to our estimates, 14 per cent of the world's total supply of coal. We have 21 per cent of the coal on the north American continent. We have 72 per cent of the coal in the British empire, and 87 per cent of that in Canada. It is estimated by one authority that in Alberta we have 40,200 million tons of coal, consisting of four different types, namely lignite, sub-bituminous, bituminous and semi-anthracite. Surely, from all those different kinds of coal any ordinary needs of consumers in Ontario and Quebec could have been supplied.

The question arises: What are we to do with this situation? After all, there is no use in recrimination. Now that we are in this time of grave danger, let us look to the future and devise, if possible, some solution of the problem. I must agree with the minister in large measure when he says that a real immediate solution of the problem looks uncertain at the present time. At least, however, we can perform a right-about-face in the matter of fuel policy and resolve that as soon as we have an opportunity, we are going to do something sound about it.

Let the government firmly declare to-day —and I ask hon. members from Ontario and Quebec to listen to this, and see how they agree with this procedure—that it will have a national self-sufficient policy with respect to fuel. How many members from Ontario and Quebec would support the government 100 per cent if it indicated its stern resolve and intention that from this day forward it would have a national fuel policy under which we would use coal produced in Canada? That is the test. If hon. members from Ontario and Quebec would not support the government in an all-out policy of that kind, then they must themselves to-day accept blame for the fact that no sound foundation has been laid for a future fuel policy in Canada, and no real commencement made with respect to providing fuel immediately.

The next question is: Would hon. members from Ontario and Quebec support the government if to-morrow it announced a policy under which it would subsidize Alberta and Nova Scotia coal to the extent that they would penetrate the markets of Ontario and Quebec, and to the extent that they would fill the requirements of those markets? I wonder how many members from those two provinces would support the government in such a policy.

Mr. MacNICOL: I can answer for Ontario. For years in this house I have advocated a policy under which the government would bring a million tons of coal from Alberta, store it near Toronto, and send it out from that point.

Mr. BLACKMORE: If I thought the hon. member for Davenport could speak for the whole of Ontario—

Mr. MacNICOL: Well, the hon. member asked Ontario members.

Mr. BLACKMORE: Well, we have seen one hon. member rise in his place; do I see others? That is the test. As a matter of fact, we people in Canada must have a change in our outlook. We must make up our minds individually, so far as it is possible, that we are going to have a policy of national self-sufficiency, that we are going to produce those things we need, produce them in our own country, and not import them from abroad, or from sources upon which we cannot depend. Until we do that we shall always be in danger of a situation such as that now facing us.

Then, I wonder if the Ontario and Quebec members would support the government in the establishment of plants in which could be processed Alberta and Nova Scotia coals, bringing the products of those processes into the Ontario and Quebec markets. By that I mean this: Just as the Germans during the last war, and before it, produced a high percentage of their gasoline and oil from coal deposits in that country, so we in Canada could produce our gasoline and oil from coal deposits in Alberta and Nova Scotia.

The question is, would the Ontario and Quebec members support the government if it were to bring in a policy of that kind? It would be the solution of some problems for the future. Suppose the Minister of Reconstruction and Supply were to rise in his place to-morrow and say to hon. members, "This government has become convinced, because of the crisis facing us, that its policy in the past has been wrong, and from this time forward the government guarantees all members of the house that if hon. members will give their support it will bring in a national fuel policy under which it will subsidize coal from Alberta, British Columbia, Nova Scotia and other points, to the extent that those coals will supply the market in Canada, and it will subsidize far enough to make sure that they do, and the government will protect the markets in Canada against dumping by the United States or any other place by such measures as may be found appropriate and adequate. The question is: If the minister were to say that, would the members of this house support the government in so doing? Let the minister further declare: The government will institute a pollicy of processing the coal in various parts of Canada in order to obtain the gasoline and other oils that we need in this country and thus make the country independent of any outside source."

If the government would rise and do that, do you know what would happen all over Alberta? Private enterprise, which the hon. member for Vancouver East so much deprecates, would immediately take steps to open new mines, to put in new equipment and to train personnel. The railroads would immediately buy rolling stock and lay tracks so that the coal could be delivered in Ontario and Quebec. There would be a market guaranteed and a price guaranteed. We would then be on a way to a solution of the problem. We could perhaps not possibly overtake the unfortunate shortages which have developed, but we could certainly greatly improve conditions as they now are.

There are in Alberta rich mines capable of vast production which are not producing coal to-day. Why? Because it would cost too much to build railroad lines into them or to do certain other things Private enterprise

does not dare to go in and spend the money, because probably by next year there would be no Canadian fuel difficulty and all the equipment that had been put in would be left idle. If the government put in the equipment right away now, then we would have the members of the Progressive Conservative party next year painting the air in this chamber blue because the government had wasted a lot of money on the projects.

There is only one thing to do. We should make up our minds that we are going to become nationally self-sufficient. We must make up our minds that we are going to have an adequate fuel policy, no matter what it costs. We should go to work on that policy. Then we should find that private enterprise would be doing its part. There would be no need of any government enterprise as far as coal is concerned. A great deal of improvement in our situation could be brought about even between now and Christmas, or February.

Let me repeat that the great question is: Are Ontario and Quebec repentant? Are they ready to break new sod? Are they ready to blaze a new trail with respect to a fuel policy in this country? Is this house ready to make new resolutions with respect to a fuel policy? If not, then I must say that we shall just go on in the dangerous way we have been going these many years. I see no other way in the world out of our difficulty.

Before I resume my seat, I should like to refer for a moment or two to the matter of gas wastage which was brought up by the hon. member for Macleod (Mr. Hansell). The hon. member was referring more to the condition which had obtained in the Turner valley before the Social Credit government took charge in Alberta. At that time there was immense wastage of gas in the Turner valley; there were flares burning all the time. But the Alberta Social Credit government, by its introduction of a wise conservation policy with respect to gas, has reduced the number of those flares to two small ones. In the past four years there has been a laudable curtailment of the waste. Gas which was formerly allowed to escape has been conducted back into the chambers within the earth, so that it will help force the gasoline up through the wells. The whole process is called repressurizing.

Because of this policy there is not nearly as much waste as once occurred. However, the argument advanced by the hon. member for Macleod still holds good. There is in Alberta a tremendous amount of natural gas that could be brought into this part of the country if pipes were laid and a market guaranteed. We could process the coal in Alberta so that we should have gasoline and other kinds of oil that could be piped to any other part of Canada to supply the needs for these products just as long as those needs exist. All that is necessary is to guarantee a certain market and a suitable price. Then private enterprise will know that when it invests its money it is not going to lose it. If the government invests money the government will not then be accused by some excited opposition of having wasted the country's money. I leave this discussion for the time being at that stage.

Mr. P. C. BLACK (Cumberland): Mr. Speaker, I come from Cumberland which contains the second largest coal fields in eastern Canada. Our people are interested in the Canadian coal requirements. I have been associated with those who have advocated a national coal and steel policy for many years. The leader of that movement was the late Hon. Gordon S. Harrington, who was minister of mines and minister of labour of Nova Scotia. He advocated this policy in 1925, and from then on, with some success. The result was that a million and a half tons of coal were shipped per year from Nova Scotia into central Canada which had never been shipped before. The people were educated to the use of our coal and they soon began to appreciate its qualities.

There was an oversupply of productive capacity in Nova Scotia and a limited local market. Mines were operating only one, two or three days a week and there was an uncertain market for what was produced. Our coal came into competition with cheap coal which was brought from overseas as bunker coal and with coal imported from the United States. At that time we were told that coal was being produced in coal fields in Ohio which had been owned by the Grand Trunk railway and taken over by the Canadian National Railways for ninety-one cents a ton, and later as low as eighty-nine cents a ton.

It was difficult to put this Canadian fuel policy into effect. It was necessary to increase the duty on coal and to pay subventions which were largely paid for by the duty. I was disappointed at hearing the Minister of Reconstruction and Supply (Mr. Howe) state that the production in Nova Scotia is only 5,500,000 tons for the current year; this in the face of a great need for coal.

The production in Nova Scotia was a minimum of 7,000,000 tons, with the expectation of an increase to 9,000,000 or 10,000,000 tons per year. On two or three occasions I have asked

the minister what efforts were being made to canvass the situation in Nova Scotia to get greater production. I asked him if the miners and operators were being consulted to obtain more coal to supply the needs of Ontario and Quebec.

One reason for the reduced production in Nova Scotia is that many miners entered the armed forces early in the war. Those were trained miners who were capable of the greatest production. Unfortunately some of them were killed; many were wounded, and some are not willing to go back into the mines. However, I think much could be done to increase production in Nova Scotia if all concerned were approached in the right way. We are fortunate in having a capable royal commission studying the coal question under the chairmanship of Mr. Justice Carroll and we are waiting patiently for their report. I am hopeful that when their report is presented to parliament a coal and fuel policy will be agreed on that will not only prove beneficial to the producing areas but will make central Canada more secure in obtaining the utmost supply of Canadian coal.

Mr. T. L. CHURCH (Broadview): I rise to close the debate. I admit under the rules I have no right to say any more, but I should like two or three minutes to do so. This doctrine of a national fuel supply has been Conservative doctrine since I first introduced it on March 19, 1923. Ontario and Quebec have no coal.

Mr. SPEAKER: Order. According to the rules the hon. gentleman cannot reply; he can only withdraw his motion.

Mr. CHURCH: I shall speak for only two or three minutes. I did not have any opportunity to say anything in presenting the motion. I say that what I advocate is Conservative doctrine—a national fuel supply. We should have been more active about it and so should all parties have been since 1923; and we should be more active about it now. I am very much disappointed at the government's reply. Coal equivalent to 25,000 United States cars is tied up in the Erie ports, and no Canadian ships to move it. The government must have a policy to move it from the lake ports. By treaty they are required to do so and keep shipping open on the lakes. There will be another opportunity to discuss this matter when the minister's estimates come up. Unless something is done at once we are going to be frozen out next winter to a worse degree than at any time since 1917.

63260—156½

Mr. SPEAKER: I am sorry to interrupt the hon. gentleman, but for him to speak at this time is absolutely against the rule. Does he withdraw his motion?

Mr. CHURCH: I withdraw my motion, but may I say that I have not had any opportunity to discuss it at all.

Motion withdrawn.

At six o'clock the house took recess.

After Recess

The house resumed at eight o'clock.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

GRAIN CARRY-OVER, 1942 CROP

Mr. WINKLER:

1. What percentage of grain grown in the year 1942 was marketed in the same year?

2. What were the main reasons for the carry-over?

3. Were the officials of the income tax department made aware of the amount of the carry-over and the reasons therefor?

Mr. MacKINNON:

1. Crop Year 1942-43

	Production (Million bushels)	Marketings [1] Aug. 1/42 to July 31/43 (Million bushels)
Wheat	556·7	273·0
Oats	651·9	120·7
Barley	259·2	85·6
Rye	24·7	9·8
Flax	14·9	11·4

	Per cent Marketings Aug. 1/42 to July 31/43 of 1942 Production (Per cent)	Increase in farm carryovers on July 31/43 as compared with July 31/42 (Million bushels)
Wheat	49·04	186·8
Oats	18·5	94·2
Barley	33·02	36·2
Rye	39·67	5·8
Flax	76·5	·4

[1] Including wheat marketed after July 31/43 under extensions of 1942-43 permits.

2. The main reasons for limited marketings from August 1, 1942 to December 31, 1942, were:

(1) Lack of available storage space in country elevators;

(2) An over-all limitation on wheat marketings to 280 million bushels under the dominion government's grain policy for the crop year 1942-43;

(3) Limited export demand in relation to quantities of grain available for shipment;

(4) Limited transportation available for the movement of grain.

3. No. On March 25, 1946, *Hansard*, page 211, the following statement was made:

"....With this objective in mind the government has made an arrangement whereby wheat, which producers may not have intended to deliver at the present time, can be marketed and sold over the next three months, with cash settlement made at any time the producer may choose in 1946, 1947 or 1948. The arrangement will become effective on April 1, 1946...."

There was, therefore, no necessity to advise the income tax department in the crop year 1942-43.

DEPARTMENT OF TRADE AND COMMERCE—PUBLICITY PERSONNEL

Mr. HOMUTH:

What is the total cost of the publicity personnel in the Department of Trade and Commerce?

2. Who is employed?

3. What salaries are they paid?

4. Is a departmental paper published? If so, what is the cost of publishing same?

Mr. MacKINNON:

1. $16,320.

2 and 3.

Advertising and Publicity

B. C. Butler	$6,000
S. L. Tilley	3,600
F. B. Strong	1,920
K. Lloyd	1,620
A. M. Johnson	1,500
G. Lacerte	1,260
R. Lafrance	420

4. None of the kind suggested.

NATIONAL HOUSING ACT—FARM DWELLINGS

Mr. NICHOLSON:

1. How many houses are now under construction under the terms of National Housing Act in places having a population of 5,000 or less?

2. How many farm dwellings under the National Housing Act are now under construction in Canada?

[Mr. MacKinnon.]

Mr. McILRAITH:

1. Figures are not available to show the number of houses actually under construction at a given date in places having a population of 5,000 or less. However, in such places, the number of approved loans to home owners and to builders for sale under the National Housing Act, 1944, up to May 31, 1946, was 2,956 for a total amount of $13,124,025.

2. At the present time there is one farm dwelling under construction under part III of the National Housing Act, 1944.

PURCHASE OF CANADIAN BONDS BY UNITED STATES AGENTS AND INDIVIDUALS

Mr. BLACKMORE:

How many dollars worth of Canadian bonds were purchased by American agents and individuals in each of the months of 1945 and each month of 1946 to the end of May?

Mr. MacKINNON:

Sales and Purchases of Canadian Bonds and Debentures Between Canada and the United States Reported Monthly by Canadian Security Dealers and Banks to the Dominion Bureau of Statistics
(Millions of Dollars)

Month	Sales to United States	Purchases from United States	Net Sales by Canada to the United States
1945 January .	9·9	3·4	6·5
February .	10·2	3·5	6·7
March ...	8·7	2·1	6·6
April	11·2	1·9	9·3
May	14·2	1·3	12·9
June	43·5	14·8	28·7
July	22·1	1·3	20·8
August ..	19·7	1·8	17·9
September	7·2	4·7	2·5
October .	10·0	5·0	5·0
November	17·7	5·8	11·9
December	9·4	3·9	5·5
Total, 1945 ...	183·8	49·5	134·3
1946 January .	19·6	5·9	13·7
February .	42·5	7·0	35·5
March ...	21·8	5·5	16·3
	83·9	18·4	65·5

N.B. Excluded from the above statistics are some sales of securities not executed through agencies reporting monthly.

Available incomplete returns for the period following March indicate a falling off in the capital inflow from the high level of the first quarter.

A. H. OATWAY V. WHEAT BOARD

Mr. DIEFENBAKER:

1. What is the total amount of legal fees and disbursements paid to date or in respect of which accounts have been rendered in connection with the defence of the case of A. H. Oatway vs. the wheat board?

2. What are the names of the solicitors or counsel retained or engaged in this case, and how much did each receive?

Mr. MacKINNON:

1. The defence of the case of A. H. Oatway vs. the Canadian wheat board was handled for the board by its own legal department. No special or separate legal account was rendered in connection with this case. Mr. J. B. Coyne, K.C., was also employed to collaborate with the board's legal department, but was later retained by the crown. No account has been rendered by Mr. Coyne in this connection.

2. The solicitors were J. B. Coyne, K.C. (who was also retained by the crown), and H. B. Monk, K.C.

AIR TRANSPORT BOARD—LIEUT.-COL. A. S. MCDONALD

Mr. HODGSON:

What is the salary of Lieutenant-Colonel A. S. McDonald as examiner of the air transport board?

Mr. McILRAITH: $4,800 per annum.

QUESTION PASSED AS ORDER FOR RETURN

CANADA'S POST-WAR ARMY

Mr. PROBE:

1. What are the qualifications demanded by the Department of National Defence for enlistment in Canada's proposed post-war army?

2. How many applications of pre-war members of Canada's permanent army who being of proper physical standard and who have seen service in any theatre of war during world war two, have been rejected to date for service in the proposed post-war army?

3. What are the summarized grounds for rejection of the applications referred to in question 2?

4. On whose recommendation were the above rejections permitted?

5. What appeal has been or will be permitted to the applicants referred to in question 2?

6. How many officers from each of the provinces of Canada have been retained for service with the post-war army, as of May 15, 1946 (a) who served with the permanent force pre-war and who had service in a theatre of war; (b) who were in the permanent force pre-war, but who had no combat service; (c) who were not in the permanent force pre-war and who had service in a theatre of war; (d) who were not in the permanent force pre-war and who have had no combat service?

LABOUR CONDITIONS

REPORT OF NEW ZEALAND FEDERATION OF LABOUR

On the orders of the day:

Hon. GROTE STIRLING (Yale): The leader of the opposition wished me to ask the Minister of Labour whether he could table a copy of a report of the New Zealand federation of labour, referred to in this morning's press, of which a copy is said to have been received here, and also provide members with a copy of the report.

Hon. HUMPHREY MITCHELL (Minister of Labour): My information is that there is only one copy of this report in Ottawa, in the office of the high commissioner for New Zealand. The report has been accepted by the New Zealand government as an official report according to a statement by Hon. Walter Nash, Minister of Finance of New Zealand. In view of the interest in the report, the high commissioner for New Zealand in Ottawa has agreed to make his copy available for duplication. I expect to obtain copies and shall be glad to supply the hon. gentleman with one as well as other hon. members who are interested.

LUMBER INDUSTRY—STRIKE IN BRITISH COLUMBIA

On the orders of the day:

Mr. G. A. CRUICKSHANK (Fraser Valley): I wish to ask the Minister of Labour a question. Have the unions in British Columbia offered to return to work in the box industry and, if so, have the operators refused to accept the offer?

Hon. HUMPHREY MITCHELL (Minister of Labour): I have no knowledge of the information which apparently is available to my hon. friend, but I am in constant touch with Victoria and he can rest assured that I will inform the house of any developments.

COAL

INQUIRING AS TO POSSIBILITY OF OBTAINING IMPORTS OF ANTHRACITE FROM ABROAD

On the orders of the day:

Mr. JOHN T. HACKETT (Stanstead): May I ask a question of the Minister of Reconstruction and Supply. This afternoon, when reference was made to 25 million tons of coal, did that include anthracite? If it did, is there any possibility of securing anthracite from Great Britain, Belgium or Russia?

Right Hon. C. D. HOWE (Minister of Reconstruction and Supply): The figure did include anthracite. Our total coal consumption is about 42 million tons, of which about 25

million tons represent our total import requirement. There are practically no imports of anthracite from either the United Kingdom or Europe, and there is no possibility of obtaining such imports. The supply of domestic coal this winter will depend upon anthracite supplemented by briquettes from western Canada, coke from the steel industry, such substitutes as can be made available from the western mines, and from certain other coals that are obtainable.

Mr. MacNICOL: Does the minister not mean 22 million tons of bituminous and 3½ million tons of anthracite?

Mr. HOWE: About that, as far as imports are concerned.

OPERATION OF FISH CREEK MINE, ALBERTA

On the orders of the day:

Mr. J. H. BLACKMORE (Lethbridge): May I ask the Minister of Reconstruction and Supply whether he has yet answered the question I asked him on Wednesday, June 5, with reference to the Fish Creek coal mine, Alberta?

Right Hon. C. D. HOWE (Minister of Reconstruction and Supply): I apologize for not having answered the question. I obtained the information, which is that no steps are being taken. The reason is that the nature of the coal, its quality, and the lack of transportation make it unlikely that the particular mine will contribute to the solution of the present problem to an extent that would warrant the dominion government in taking steps to open it up.

Mr. BLACKMORE: Can the minister be specific and indicate whether he refers to sub-bituminous or bituminous coal?

Mr. HOWE: I regret that I have not the documents here. I had them the other day, but the orders of the day were not called until late, and I was absent. If the hon. member will regard his present question as notice of a further inquiry I will undertake to answer it to-morrow.

REDISTRIBUTION

AMENDMENT TO BRITISH NORTH AMERICA ACT AS TO RULES FOR READJUSTMENT OF REPRESENTATION

The house resumed from Wednesday, June 12, consideration of the motion of Mr. St. Laurent for an address to His Majesty the King praying that a measure be laid before the parliament of the United Kingdom to effect an amendment to the British North America Act with respect to readjustment of the representation in the House of Commons, and the amendment thereto of Mr. Diefenbaker.

Mr. A. J. BROOKS (Royal): When I moved the adjournment of the debate at six o'clock yesterday I was discussing the assertion of the hon. member for Moose Jaw (Mr. Thatcher) that if and when the C.C.F. party obtains power in this country one of its first acts will be either the reform or the abolition of the senate, and I was pointing out what effect that eventuality would have upon representation here of the maritime provinces, or if any other party felt the same way. According to the proposed amendment to the British North America Act, the maritime provinces must depend upon their representation in the senate for their minimum representation in this house. If the suggestion of the hon. member for Moose Jaw were an isolated case, possibly we would not need to pay much attention to it, but I should like to quote also from a statement made by the hon. member for Peace River (Mr. Low), the leader of the Social Credit party. I do not use this quotation to cast any reflection on the hon. member for Peace River, as I may say I have always found him fair in debate and possibly one of the most broad-minded men in the house. However, he had this to say, as reported at page 2254 of *Hansard:*

> It is pleaded, of course, that we must not reduce the House of Commons representation for any province below the number of senators that the province enjoys at the present time. My answer to that is this. Let us then reduce the number of senators to the rightful level while we are at it.

As I said yesterday, we know what effect it would have in the maritime provinces if the senate were again reduced and the representation in our province were based on the number of senators.

I wish to give another quotation which was used by the hon. member for Lake Centre (Mr. Diefenbaker) when he spoke a few days ago. He was quoting from a speech made by the late Mr. Woodsworth. I should like to say here that I wish to cast no reflection on the memory of this man for whom I, and, I know, every member who knew him, had great respect. Mr. Woodsworth said on November 25, 1932, as reported at page 2299 of *Hansard* for that year:

> There cannot be two or three different classes of Canadians in this country, with certain classes having superior rights to others. If a mistake was made in giving a fixed number of representatives to Prince Edward Island there is no reason why we should follow a bad precedent. The way to get away from that is to amend the British North America Act so that Prince

Edward Island would have only its due number and not a number out of proportion to the rest of the country.

Mr. GRANT: That would be half a member.

Mr. BROOKS: I hope that the hon. member for Prince, who has just spoken, will bear these things in mind when he comes to cast his vote in a few days because, as I have said before, if the British North America Act can be amended without consultation with the different legislatures, we of the maritime provinces stand to lose more than any other province.

Mr. CRUICKSHANK: It is time you did lose something.

Mr. BROOKS: If the provinces are not consulted a precedent will be established and the hon. member from British Columbia and hon. members from any other part of the country may laugh as much as they wish. We have lost much—

Mr. GRANT: This is not the first time the act has been amended.

Mr. SPEAKER: Order.

Mr. BROOKS: We have been reduced from forty to twenty-five members.

Mr. GRANT: This is not the first time it has been amended.

Mr. BROOKS: My hon. friend can make his speech, and if he does it will be the first except one he has made in this house in the ten years he has been here. We have sat here and listened to him clap his hands and pound his desk like a child and interrupt practically every member who has spoken, but he does not take the trouble to prepare a speech or rise and deliver one in the house.

Mr. CRUICKSHANK: Or read it.

Mr. GRANT: I do not have to read it when I do rise to speak.

Mr. BROOKS: Nor do I. My time has practically expired. I do not intend to speak much longer to-night. As a matter of fact, I did not intend to speak as long as I have done, but I felt impelled to speak on behalf of the maritime provinces, and especially the province from which I come.

I should like to give a short quotation used in the speech delivered by the hon. member for St. John-Albert (Mr. Hazen), as reported at page 2268 of *Hansard* of June 6: He quoted section 52 of the British North America Act to emphasize the point which he made. Section 52 reads:

> The number of members of the House of Commons may be from time to time increased by the parliament of Canada, provided the proportionate representation of the provinces prescribed by this act is not thereby disturbed.

We of New Brunswick have ten members out of 245 in the House of Commons. If this amendment is passed we shall have ten members out of 255 and, as the hon. member for St. John-Albert said the other day this section of the British North America Act will be violated because the proportionate representation of New Brunswick will be greatly disturbed. As I say, we have ten out of 245. Ten out of 255 is not the same proportion, and any hon. member who will take the time to consider it will see that that is a fact.

I wish to make this further statement. Last night one hon. member suggested that because I was speaking for my own province I was not a good Canadian. I have sat in this house and listened to practically every hon. member from Quebec who has spoken, and each has spoken almost entirely on the effect that this amendment would have on that province. I and no other member would suggest that, on that account, he was not a good Canadian. The same is true of hon. members from western Canada. They have all considered this matter almost entirely from the point of view of their own section of the country, and I contend that when I debate this question as it affects New Brunswick I am no less a Canadian than are those members from Quebec or from any other part of Canada.

Mr. THOMAS REID (New Westminster): In rising to take part in this debate, I quite realize that what I have to say will not be popular on this side of the house.

Some hon. MEMBERS: Do not worry.

Mr. REID: I wish to make it clear at the outset that I intend to vote against the resolution introduced by the Minister of Justice (Mr. St. Laurent). Following the remarks made by the speaker who has just taken his seat, let me make it clear that I am going to deal with the matter from the point of view of British Columbia, and I do not want any taunt hurled at me that I am not thinking as a Canadian. Let us be frank. There is not a man sitting in this house but must and does think provincially. Every hon. member here is thinking of his own constituency and of his own province. Why have accusations hurled across the floor that those who do are not Canadians? The man who does not think of this resolution in terms

of his own province is somewhat derelict in his duty. He is no less a Canadian if he thinks of it in terms of his own province.

I listened with a great deal of attention to the remarks of the hon. member for Lake Centre (Mr. Diefenbaker), and the hon. member for Stanstead (Mr. Hackett). Although I am not a lawyer, I think they entirely missed the point of the resolution, and I shall tell the house why. If one looks over the British North America Act he will see that there are certain sections dealing with general clauses and powers given to the dominion. Then there are certain powers specifically defined as powers of the dominion and of the provincial governments. It is my opinion as a layman that if the dominion government were interfering or asking the British parliament to amend any of the sections under which the provincial governments have power they would then have, first of all, to go to the provinces and ask for the right to do so. But under the general clauses dealing with redistribution it is my opinion that the dominion government has the power to bring in this resolution without consulting the provinces. However, I shall say that when the British government read the resolution in its present form they will be in just as much doubt as the members of the house were when it was first introduced, because I doubt whether many hon. members would have understood the resolution had it not been for the explanation given by the Minister of Justice. In my opinion it is extremely clumsily worded and in fact somewhat misleading because it says:

> And whereas it is considered that a more equitable apportionment of members to the various provinces could be effected if readjustment were made on the basis of the population of all the provinces taken as a whole.

We are not doing that. I think it is explained in the last two clauses that we are not taking the population of the provinces as a whole, because when we come to divide by 250 we leave out Prince Edward Island, the northwest territories and the Yukon. Therefore the wording of the resolution is certainly misleading in the beginning, and it is not until you get to the end of the resolution that you find the meat of it. I was not at all surprised that the Minister of Justice, when asked by an hon. member how he arrived at the figure 250, should reply, "Well, I don't know." I doubt if many hon. members could say how that figure was arrived at as a quotient; but I say it was a clever piece of mathematics, whoever was responsible for it.

Before I pass on to some figures and further statements, may I say that in the amendment I believe the hon. member for Lake Centre, if he spoke for his party, inadvertently or otherwise has tied up his party with the principle of the Canadian government going to the British parliament for amendments to the British North America Act. Probably he did not intend to do that, but that is the actual effect of the amendment. Of course I for one believe that this Canada should have the right to amend its own constitution without going to the British parliament.

The hon. member for Rosetown-Biggar (Mr. Coldwell), the leader of the C.C.F. party, spoke in favour of the resolution, and I am not altogether surprised at that, since Saskatchewan stands to gain under it. He and every other leader know the troubles that arise when you have to reduce the representation of a province. The hon. gentleman comes to this house with a large number of members from Saskatchewan, and I can visualize his difficulties if he should be told that there would be four less constituencies, for he then would have to say to the members of his party, "Well, which of you boys are going to stay home?"

An hon. MEMBER: All of them, I hope.

Mr. REID: Then last evening the hon. member for Moose Jaw (Mr. Thatcher) gave his views as to what that party would do in regard to the senate, should they come to power. May I say to him and to the leader of the C.C.F., after having looked into the number of members, that if this resolution passes the house and the increased numbers are given the provinces of Quebec and Ontario, the C.C.F. will wait an additional twenty-five years before they take over the reins of government; and I say that in all sincerity.

In regard to the increased representation for the province of Quebec, I think under the present set-up that province has a real grievance. It has been known for years that Ontario has had seven or eight members too many, according to population. Rather than reduce the number of members from Ontario, however, after someone found out how this new proposal would work, they come along and add one member to Ontario and eight to Quebec. In all kindliness, I want to tell hon. members from Quebec that if they look over the figures they will see that most of the eight members to be added to the representation of that province are likely to go to the city of Montreal and not to the great hinterland outside. Coming back to what I said a moment ago, however, to my way of thinking this resolution has been introduced at this time to, shall I say, placate Quebec because Ontario has had seven members more than it

should, and to help out the other provinces, especially Saskatchewan, which otherwise would lose four members.

The leader of the C.C.F. party spoke about representation by population. I wonder if he has studied the situation in Canada to-day, if he has looked at the great shift of population which has taken place, at the great number of people who have left Saskatchewan, particularly, and who have gone principally to British Columbia. I know one cannot always judge by the number of electors in speaking of representation by population, but if one looks over the figures for the last election he will find that on the voters' lists of the province of Saskatchewan they had only 445,601 names, with twenty-one members in this house, while we in the province of British Columbia had 545,077 names on the voters' lists and only sixteen members. In other words, we had five members fewer than Saskatchewan, although they had 99,000 fewer on their voters' lists.

Mr. CRUICKSHANK: A lot better members, though.

Mr. REID: Well, this is one time I think I can agree with the hon. member for Fraser Valley (Mr. Cruickshank). Then, when one speaks of representation by population, one should look at the various constituencies. I know criticism has been offered concerning Prince Edward Island. It has been said, "Oh, they have four members and their total population is not more than 95,000." If one looks over the various ridings in Canada it will be seen that the constituency with the smallest population is not in Prince Edward Island at all but in Ontario. Just consider: in Ontario there is one constituency with a population of something like 18,732, and another with a population of 113,000, and it is not a city constituency.

Mr. KNOWLES: What are those two ridings?

Mr. REID: The smallest one is Glengarry.

Some hon. MEMBERS: Oh, oh.

Mr. REID: But the Prime Minister (Mr. Mackenzie King), who represents that riding, had nothing to do with the number of people in it. I was a member of the last redistribution committee, and at that time I swore I would never serve on another redistribution committee. I never saw as much selfishness or as much fighting as I saw there. Talk about being Canadians and working for the whole of Canada! In that committee it amounted almost to warfare. I remember one gentleman who has since gone to his reward coming into this house with the redistribution map and poking his cane right through it; he was so wild. Many hon. members will remember that. I can tell the present official opposition that members from this party had nothing to do with shaping the constituencies. The maps were simply placed before us and we were told, "That's that. Take it or lump it." If anyone cares to look over those maps he will be reminded of one of those cross-word puzzles. The government of that day endeavoured to carve out the Tories from certain districts and the Liberals from others.

Mr. MacNICOL: Not in Ontario.

Mr. REID: I heard complaints from the province of Ontario.

Mr. MacNICOL: The hon. member has mentioned Ontario, and I said, "Not in Ontario." Thirty-one seats in Ontario were not altered, and some of the others would not have been altered had it not been for this mess here in eastern Ontario.

Mr. REID: Well, you were a member of that committee.

Mr. MacNICOL: I was Ontario chairman of it, and I know what I am talking about.

Mr. REID: To those who laughed about the constituency of Glengarry, I commend that statement; the hon. member was chairman of the committee for Ontario at that time.

Mr. MacNICOL: I know the hon. member wants to be fair, and would not impute anything like that to me. We did our best to put—

An hon. MEMBER: Be fair.

Mr. MacNICOL: I am always fair. We did our best to put Prescott and Russell together, making one seat, and Glengarry and Stormont together, which would make one seat; but such a hubbub was kicked up in certain places in the east end of Ontario that, sooner than have a political civil war in eastern Ontario, we let it go. You may have to do the same thing.

Mr. REID: The house will be pleased that the cat has got out of the bag at last. I was on that committee, and I do not want to go on one again, because it was just one of those terrible headaches.

Mr. COLDWELL: Would the hon. member favour the setting up of a judicial commission, independent of the house.

Mr. REID: I am not convinced that a judicial commission would be the solution. But one thing I am convinced of is that we should

be careful about representation in the house; I believe we are overgoverned. I will give an example. I looked up some figures in regard to Great Britain and in regard to some other countries. In Great Britain the unit is 70,000. I know somebody will say that that is only a small country. But let us take the figures in some old country cities. Let us first take the city of Glasgow.

Mr. GARDINER: How many councillors have they?

Mr. REID: The Minister of Agriculture asks how many councillors they have. Well, how many councils have we, and how many provincial legislatures have we? We have well over 500 provincial members of legislatures, and councillors in every municipality from Halifax to Vancouver island.

I was about to answer the hon. member for Rosetown-Biggar. The city of Glasgow has fifteen members. The population of that city at the 1939 census, the last one, was 1,280,473. The nearest comparison I can find in Canada is Montreal with its sixteen members and a population given officially as something over 903,000.

An hon. MEMBER: Not for the island; that is for the city.

Mr. HACKETT: That is not greater Montreal.

Mr. GRANT: This is not Scotland.

An hon. MEMBER: Take some other town.

Mr. REID: Just be quiet. You and I are good friends; and don't be throwing it up to me that I am not a Canadian. I am as good a Canadian as you are. Don't let us fall out, doctor. We have been good friends up to now, but—

An hon. MEMBER: You don't know your Montreal.

Mr. REID: We will try Toronto, then.

Mr. CLAXTON: Does the hon. member know if the area for which the population was given is the same area for which the number of members was given in respect of Montreal? It seems to me that the population would be about 1,200,000, to correspond with the area for which there are sixteen members.

Mr. REID: I have before me the report just out from the chief electoral officer, which shows the figures of population for the island of Montreal. I take it that that comprises all members of parliament in the house from the city of Montreal. The total population—and I may be wrong; but what I say is subject to correction—is 903,370.

[Mr. Reid.]

Mr. SMITH (Calgary West): For the island only.

Mr. REID: For the island only; that may be correct.

Then, turning to Toronto—and I suppose the Toronto members are waiting to hear what I have to say about that city—I find that Liverpool with a population of 865,688 has eleven members. Toronto has eleven members for 667,491 of population, or a difference of 198,197. I mention this particularly because both the hon. member for Rosetown-Biggar and I came from the British isles. In his speech he made considerable reference to representation by population. The thought came to my mind: Were they not as well represented there, in the cities in Great Britain, as we are in this country?

However, let us come nearer home, to the United States. What do we find there? We find that they have 435 in their house of representatives, with a unit of 304,000. Will any hon. member say that representation in Washington is not as good for the people of the United States as is our representation in this country? I do not think so.

Mr. NICHOLSON: How do the countries compare in size?

Mr. REID: Well, so far as area is concerned, I think Canada is just about the same size as the United States. In fact, I believe it is a little larger. I do not see any point in asking that question. If the hon. member is talking about population, he might have something on that point.

Mr. MacNICOL: Their unit is 304,000.

Mr. REID: What about the shift in population? What about the situation to-day? We have at the present time in British Columbia 949,000 people. We have had an increase during the war to the extent of 90,000. In fact, only three provinces have had increases in population, increases from one province to another. Those three are Nova Scotia which, according to the official document I have, had an increase of 8,000 in three or four years; Ontario, with an increase of 58,000, and British Columbia with one of 90,000.

Saskatchewan has been gradually losing its population from 1935. It is estimated that in the past three or four years they have lost something like 97,000. Are we going to take any note of those serious changes in population throughout the country? Are we, shall I say, from British Columbia, with a population of 949,000, going to be content with eighteen members, under the new proposal, as compared with a lesser population in Sas-

katchewan, and their being granted twenty members? Surely there is nothing fair about that, when one considers the matter in the light of the great shift in population which has taken place.

I would have had the temerity to move an amendment; but I understand that such would have been a negative motion, and therefore not in order. As I have said, however, I intend to vote against the resolution for the particular reasons I have outlined. I am going to suggest to the government that they take into consideration deferring this matter until after the next census.

Every member in the House of Commons is sitting here as a result of the census figures of 1941.

Mr. GREEN: It is 1931.

Mr. REID: But have there been any complaints? There have been no complaints from members, at all. Why take hold of the British North America Act and cause all the suspicion, and unrest, shall I say, that we are doing something wrong?

I want to say this to the Minister of Justice, that while it is true from a legal point of view, as he will argue—and I will agree with him—that we have the right to go to the British parliament without consulting the provinces, yet in this particular matter—not in other matters, but we have in this particular one—citizens will look upon the request by this government to Great Britain as something that should be made when we consider further social legislation.

I have just looked at a paper which came from the coast, and I find that the editor of the Vancouver *Sun,* thinking along the same lines, namely, with respect to by-passing the provinces in this redistribution proposal, has this to say:

> It would seem on the face of it that this is purely a federal concern, since it affects only the matter of popular representation in the federal parliament. Yet the precedent is of the greatest importance. If Ottawa can establish the principle that a petition from the dominion parliament alone is necessary to win amendment of the British North America Act, then the principle holds good in every matter affecting the jurisdiction of the provinces and dominion.

Some will argue that the editor of the Vancouver *Sun* is wrong, and I would argue that legally he may be wrong because there are certain sections of the British North America Act—I am not going to delay the house by reading them—in which the powers of the provinces are specifically defined. Most people, when they see that this government is going to London to ask for an amendment to the British North America Act, will ask, "What for?" They will be wondering why this is being done when they are told in connection with social legislation that the British North America Act prevents certain things from being done unless the consent of the provinces is first obtained.

I am afraid the average citizen—even more than the average citizen, because here we have the editor of the Vancouver *Sun* taking the same view and asking the same question—will feel that this action does more harm than the expediency which would seem to have prompted it, that is, the fear of having to reduce the representation of certain provinces to what it should be according to actual population.

I am going to plead with the government to defer taking this action until the next census has been taken. This parliament could go on until 1948 or 1949, at which time it would be within a year or a year and a half of the next decennial census, and it would be much fairer if we were to wait until that took place. If we proceed with the present proposal I am afraid that the high sounding phrases which have been uttered during this debate about representation by population will not carry a great deal of weight.

I realize that I am one of the few on this side of the house who is opposing this proposal. I do it conscientiously because I feel that what is being done is not a proper and correct thing to do at this time. I felt it was my duty to rise and state exactly where I stand on the matter.

Mr. LIONEL BERTRAND (Terrebonne) (Translation): Mr. Speaker, a few words will enable me to express my views on the matter under discussion. It would be useless for me to deliver a lengthy speech on a measure which meets an obvious need and in favour of which some fellow-members who are well versed in constitutional law have put forward learned opinions. Besides, it is not my habit to deliver long speeches; this session has already been going for such a long time that I would not wish to delay it further.

When the right hon. the Minister of Justice (Mr. St. Laurent) moved in 1943 the postponement of redistribution until the end of the war, I was one of the nine members who took exception to the proposal. I opposed it because it was a departure from the constitution which provides that the redistribution of constituencies must be proceeded with after each decennial census; I opposed it because in the event of an election being called before the end of the war, the government would have enabled seven or eight members to sit in the House of Commons in violation of the

constitution, while Quebec, even with a material increase in its population, had the same number of representatives. I made the following remarks on July 5, 1943:

Do you not believe, Mr. Speaker, that an injustice is being done as regards the rights which the province of Quebec enjoys under the confederation agreement, and that, under the pretext of war the democratic character of our parliamentary system is being set aside? In my opinion, to postpone the redistribution is simply to check the influence which Quebec is entitled to have on the political destinies of this country.

I went on:

I am opposed to this resolution for the reasons which I have just stated. I consider that I have no right to take any other stand; a principle is involved, and it is also a matter of justice for my province. Besides, this resolution interferes with the constitution, and my province is especially affected. The government has no justification for overriding the constitution.

Redistribution was postponed; the reason advanced was that we were at war. I thought at that time that such a reason was unconvincing and I still think so, since the redistribution bill affected neither directly nor indirectly our war effort, but was purely and simply a matter of administration.

As regards the proposal that is now before the house, it has my unqualified approval. My first reason for supporting it is that it does justice to my province. The British North America Act, passed in 1867, was perhaps equitable at that time; the fathers of confederation certainly acted in accordance with the circumstances and with due regard of what were then the best interests of the people. However, time has shown that the British North America Act has not given the expected results. For instance, was it believed in 1867 that the province of Quebec would take such an expansion, as regards population, and that seventy-five years later the constitution would cause an injustice toward Quebec, whose population has increased almost threefold since 1871.

The British North America Act sets at 65 the number of Quebec representatives. With a population exceeding that of Quebec by 450,000 only the province of Ontario now has 82 members, 17 more than Quebec. The new plan will give Ontario one additional member, or a total of 83; Quebec will have eight more members, or a total of 73. The balance will be restored and I for one am quite glad of it.

Under the present rules, Quebec, with a number of representatives permanently fixed at 65, is the province whose population determines the representation of other provinces. The continuation of the present system would mean a marked decrease in the number of dominion members, which is inconsistent in view of the expansion achieved by Canada during the last twenty years. The new plan gives to the provinces a representation based on their respective population, and that is a matter of fair play for all of them.

The Progressive Conservatives are opposed to the resolution on the ground that the rights of the provinces are infringed upon and that the provinces should have been consulted. They go so far as to move an amendment along those lines. The prime minister of Quebec, Mr. Duplessis, was the first to expound that argument in a statement he made some time ago. The Conservatives have taken up the argument, which shows the true feelings of the prime minister of my province, to whom the autonomous mantle affords a poor disguise. The Conservatives, in taking up the argument, do not bare their whole thought. The true reason of their opposition lies simply in the fact that the proposal will give eight additional seats to the province of Quebec. And eight additional seats which will never be theirs because the Conservative party, which has barely kept alive in Quebec since 1920, cannot take a new lease on life unless it discards that fanaticism which is so obnoxious to my province and so much at variance with its typical traditions. That fanaticism is well known. We have had fresh evidence of it, and the electors of Quebec will not forget it.

It is suggested that the provinces be consulted. But why should they be? Learned jurists have established in this house that the central government could legislate in the matter now under discussion without consulting the provinces. Besides, it is plain common sense that if a province may change its own representation without permission from the central government, why should the latter seek provincial consent in order to modify its own? Consultation of the provinces would merely kill the plan. It is well known that certain provincial prime ministers are systematically antagonistic to this government, as was strikingly shown at the last dominion-provincial conference. How could Mr. Drew, for instance, agree to the plan when his friends in this house are dead against it? Could Mr. Duplessis favour it when he was frankly opposing it even before it was brought up in this house? The plan would then be set aside just to please some petty politician and Quebec would lose, in parliament, eight additional units of influence on the destinies of this country. We, federal members, are just as ardent advocates of autonomy as Mr. Duplessis, but with a

broader outlook. True autonomy also consists in minding one's own business. We, Quebec members, have been elected to represent the province of Quebec in this parliament; and it is for us, Quebec federal members to say whether or not the province of Quebec is entitled to have eight additional members in the next elections. Such are my full views in the matter.

I favour the resolution. It redresses an injustice toward the province of Quebec. It recognizes Quebec's development and importance. It grants it, in proportion to its population, the number of representatives to which it is entitled. The only feature I dislike is that we should have to apply to London for permission to make changes in our constitution. This is said to be a mere formality. But it is nonetheless quite annoying. I understand that we can, at any time, eliminate this formality merely by a vote. This we should do without delay. There remains no reason why, as a nation, Canada should seek authorizations overseas. I therefore hope that before long—and the sooner the better—parliament will rid itself of this ridiculous obligation.

Mr. P. C. BLACK (Cumberland) (Text): Mr. Speaker, I first wish to compliment the hon. member for New Westminster (Mr. Reid) on the address he gave to-night. I believe he has approached this question in the right way. When confederation was first enacted it was viewed, not from the point of view of political expediency, as he said this resolution is, but in a spirit of statesmanship by leaders of both the parties in the different provinces.

I have no written manuscript to-night, but I consider it to be my duty to voice what should be, and I believe are, the views of the electors in Nova Scotia. Someone has the right and the duty to speak for Nova Scotia and, as my seat-mate the hon. member for Royal (Mr. Brooks) has said, I do not consider that I am any less a Canadian because I do so.

Nova Scotia has special claims to sympathetic consideration as regards her standing in confederation. Nova Scotia has contributed much in relation to the benefits she has received. There have been disappointments; there is dissatisfaction, and if this resolution is carried and put into effect it is going to accentuate the present discontent in our province. I feel that Nova Scotia should be consulted, and they will not be satisfied unless they are.

When confederation was enacted it was approved by the leaders of both the great parties, but there have been public men in Nova Scotia who have made it a political issue from that day to this, and thereby profited politically. They ran elections on the cry of repeal. They ran elections in Nova Scotia on the discontent as to its relations with the rest of Canada. To this day hardly a week passes but in my province representations are made against confederation and our relation to the rest of Canada. The point I wish to make is that, if that party was opposed to confederation, if they made a political issue of it for almost eighty years, they will support the hon. member for New Westminster and others, and will surely require that the electors, or the legislature, or the government, or the Premier of Nova Scotia shall be consulted. This has been made a political issue from the day of confederation to the present time. The party with which I am associated has suffered. Not long ago I heard the former premier of Nova Scotia, Hon. A. S. MacMillan, say that he would be favourable to erecting a monument in Nova Scotia to that great Nova Scotian, Sir Charles Tupper, not because of what he did for Nova Scotia and Canada in seeing that confederation was enacted, but because of what he did for free schools in Nova Scotia.

Nova Scotia did not derive its legislative authority from the British North America Act, as stated by the Minister of Justice (Mr. St. Laurent); it was constituted a province, with its own legislature, by royal charter years before the Province of Canada—Quebec and Ontario—was finally ceded to Britain. If my memory serves me correctly, it was so constituted back in 1757. It also had responsible government and it had a flag of its own. It is the only province or colony in the whole world which had that status. It had sovereign rights. Although not as large as some other territories, it had sovereign rights, and its part as regards the British North America Act justified it in believing that that was a treaty and that it had equal rights with the federal government in seeing that the conditions of that treaty were carried out down through the years.

The province of New Brunswick was constituted as a province, never as a colony, in 1784, with her own legislature and by royal charter.

Confederation had its genesis in Nova Scotia. The Charlottetown conference originated in Nova Scotia; the Quebec conference resulted from the conference at Charlottetown, the London conference from the Quebec conference, and the British North America Act from the London conference. I repeat, confederation had its genesis in Nova Scotia. Surely, if that is so, and in the light of history, that province has the right to be consulted at

such a time as this when a major change is being made in the constitution of Canada. I will read from the Journals of Nova Scotia, of February 4, 1864, from the King's speech opening the general assembly, paragraph (8):

The importance of consolidating the influence and advancing the common progress of the three maritime provinces, whose interests are so closely identified, has for some time attracted a large share of public attention, and I propose to submit for your consideration—

This is from the speech from the throne.

—a proposition in which the cooperation of the governments of New Brunswick and Prince Edward Island will be invited with a view to the union of the three provinces under one government and legislature.

Here is a further minute from the Journals of Nova Scotia, general assembly, March 21, 1864, page 74:

The provincial secretary presented to the house the correspondence re union of the maritime provinces.

Then again, on March 29, 1864, at page 87:

The provincial secretary moved the following resolution, which was unanimously passed:

That an humble address be presented to His Excellency the administrator of the government requesting him to appoint delegates, not to exceed five, to confer with the delegates who were appointed by the governments of New Brunswick and Prince Edward Island for the purpose of considering the subject of the union of the three provinces under one government and legislature, such union to take effect when confirmed by legislative enactment of the various provinces interested and approved by Her Majesty the Queen.

Again, on April 7:

The preceding resolution sent to the legislative council for concurrence . . .

And so on.

Nova Scotia made its full contribution to the formation of Canada and the development of the Dominion of Canada ever since. It participated in the cost of acquiring the Hudson's Bay company's lands, the purchase thereof, out of which lands the prairie provinces were formed. It sent troops to put down the northwest rebellion, and contributed its proportion to the cost of building the Canadian Pacific railway, and that great railway was never granted running rights into Nova Scotia. Nova Scotia's statesman, Sir Charles Tupper, supported by sixteen members from that province, advocated the national policy which was the foundation of industrial Canada, the basis upon which industrial Canada has been built up, under which this country made such remarkable achievements in the first great war and again in this recent great war, the pride of the whole of Canada. The very basis of this accomplishment was the national policy of 1878, which was sponsored by the public men of Nova Scotia.

Not only have we had war industries resulting from this industrial development; we have also the peace-time industries upon which the national income of the country depends. Moreover, the sons and daughters of Nova Scotia have gone to all parts of Canada, to the prairie provinces and to central Canada, to British Columbia, to assist in building up those sections. Just a few days ago the newspapers of Canada lamented the death of that great banker, that great Canadian, Morris W. Wilson, a native of Nova Scotia and head of The Royal Bank of Canada. He was succeeded by Sydney George Dobson, another great Nova Scotian, and they have as their associates other Nova Scotians, Mr. Enman of the Bank of Nova Scotia; Mr. Spinney of the Bank of Montreal; Mr. Logan of the Canadian Bank of Commerce; Mr. Elderkin, who is supervisor or inspector of banking in the Department of Finance, and many others. I mention this to indicate the contributions that Nova Scotians have made in the business life of Canada.

It was through the instrumentality of great statesmanship that Canada has developed and will last for centuries, for thousands of years. Nova Scotia had a prominent part in achieving confederation, and the province has supported all the great measures that have aided in building up Canada ever since. I believe that under a proper legal interpretation Nova Scotia should be consulted in any amendment to the B.N.A. Act. At any rate it would be only the part of decency that it should be consulted before any major amendment is made to the British North America Act, the very basis upon which our sovereign province came into confederation.

Surely our province is not simply to be sacrified in confederation. I consider it an obligation of all members of this house, from all parts of Canada, to see that Nova Scotia prospers in confederation and that her people are happy. That, unfortunately, is not so today. I believe that a special duty rests upon the leader of the Progressive Conservative party (Mr. Bracken), who inherits the responsibilities of his predecessors, to see that Nova Scotia and the maritime provinces generally are prosperous in our confederation. We get no political kudos because of discontent under confederation. Others do; we do not. We have to justify it, and I am proud to justify it. For better or for worse, we are part of Canada for all time. But I appeal to the house to see that we have our place in confederation and share in the prosperity and happiness of the rest of Canada, and that Nova Scotia is consulted before any changes are made in the act under which we entered confederation.

My deskmate, the member for Royal (Mr. Brooks), pointed out in his able speech that there is no room for expansion geographically in the maritime provinces. There is none in Nova Scotia. That is not true of the other provinces. They have all expanded. There are many constituencies—I will not enumerate them—that were not in existence at the time of confederation, some of them indeed not in existence at the beginning of this century, and they now have large populations which go to make up the total population of Canada.

Representation in Nova Scotia, since shortly after confederation, has gradually diminished. In 1867 Nova Scotia had nineteen members to 181 for all Canada, or one for Nova Scotia to 9·53 for all Canada. In 1882 Nova Scotia had twenty-one to 210, or one to ten for all Canada. In 1904 Nova Scotia had eighteen to 214, or one to 11·88. In 1925 Nova Scotia had fourteen out of 241, or one in 17·21. In 1945, the present time, Nova Scotia has twelve members out of 245, or one to 20·42 for all Canada. Under the British North America Act as it now stands, if it were not amended, Nova Scotia is entitled to twelve out of 238 or one in 19·83. It is unfortunate, and we lament it in Nova Scotia, that there was a reduction in our membership, but we accepted it census after census; but this is the first time that any of the western provinces have had to suffer, and they will not accept it as it was accepted in the maritime provinces.

According to the Canada Year Book, the population of Nova Scotia bore the following percentages to the population of the rest of Canada. In 1871, 10·51; in 1881, 10·19; in 1891, 9·32; in 1901, 8·56; in 1911, 6·83; in 1921, 5·96; and in 1931, 4·94 per cent. In 1941 we went up a little bit to 5·02 per cent. If that percentage were measured in the area that constituted original Canada I do not believe that our loss of percentage of population would have been one-half of what it is. It would show a far more favourable percentage if only the population of the original parts of Canada were taken into consideration.

Under this resolution Nova Scotia is offered an increase of one member. The membership will be increased from twelve to thirteen, but that is a fleeting concession. Personally I prefer not to accept it. Why? Because there is no permanency to it. Under the British North America Act, which Nova Scotia by sovereign right approved, it was possible to increase the membership as it was increased after different censuses in the prairie provinces and British Columbia, so that we did not suffer. But under this resolution introduced by the Minister of Justice (Mr. St. Laurent) we have a fixed membership of 255. If Manitoba, or Quebec, or Ontario, or Saskatchewan, or Alberta, or British Columbia gets an increased number in the future, where is it to come from? It must come from the remaining provinces; and just as certain as we are discussing this resolution to-night it is going to come from Nova Scotia. If the trend of the past years continues not only will one come from Nova Scotia but two and three, and then we shall be down to the minimum of ten members out of 255, which violates, I believe, the legal rights of Nova Scotia; it violates the spirit of confederation. That is why I personally am not disposed to accept this increase of one member. There is no permanency to it under this resolution, because in the future the representation of all Canada will never be above 255. It must remain at that figure, and when there is an adjustment some of the provinces will suffer. I warn Saskatchewan and Manitoba that with their mass production machine age which appears to be taking place in the prairie provinces and with the days of the homestead being a thing of the past, they too may suffer as Nova Scotia has suffered in the past. New Brunswick and Prince Edward Island would suffer and we would likely go below ten members in the house if it were not for the amendment to the British North America Act which was put into effect under the government of Sir Robert Borden by which we could not have fewer members than that amendment provides for, which is ten for Nova Scotia, ten for New Brunswick and four for Prince Edward Island, although the population of Nova Scotia has always been and probably always will be larger than that of New Brunswick, we shall have the same minimum.

Poor old Nova Scotia down by the sea has suffered in some respects ever since confederation. I was reading some of the debates of previous years but I am not going to quote them to-night. In those debates I found that Mr. E. M. Macdonald, a prominent Liberal, said that Nova Scotia, New Brunswick and Prince Edward Island would never have entered confederation unless they were assured that they would be able to retain the membership which they had when they entered confederation.

This increase in membership to 255 is not going to be fair to Nova Scotia. I do not believe there is any justification for it in the British North America Act. I believe it violates sections 51 and 52 of that act, but it also imposes increased expenditures for the government of this country. I have been opposed to that. When I first entered the

Nova Scotia legislature twenty-one years ago we had a membership of forty-three, which we considered too large. We reduced it to thirty-seven; later we reduced it to thirty, and I believe they have got along just as well ever since. According to the last census in Nova Scotia, they are entitled to a redistribution of seats. If the basis of representation that we proposed at that time is followed I believe that there would be an addition of seven seats in that legislature. Anyway the electors of Nova Scotia felt that we were overgoverned and we reduced the membership. But that policy is not being followed here if this resolution becomes effective.

Under this resolution neither the electorate of Nova Scotia, nor the legislature, nor the government, nor the premier of that province is being consulted. There may be communications with the governments of the provinces, but, if so, they should be tabled in the house.

What was the basis of confederation? What did the fathers of confederation have in mind when the basis of representation was established? What would they say to-day? What stand would they expect me to take as a representative from Nova Scotia? I am just as sure as they enacted confederation that they would require that I speak for them, and no one has more right to speak for the fathers of confederation than I have. Four of them came from my native town of Amherst; one of them, a Liberal, is in my family tree. What would they say? They would say that this government has no right to attempt to put into effect an amendment to the British North America Act without consulting Nova Scotia. The government should stand not by the letter of the law but by the spirit of what was intended. Surely, over the years, from the time of confederation down to this day, Nova Scotia has earned the right to sympathetic consideration from public men from all over Canada and not the kind of treatment which appears to be attempted here.

What has been the attitude of the public men from Nova Scotia? I shall not quote them all, but I do not believe there is a single public man from Nova Scotia at any time, irrespective of his party, who in this parliament or on the floor of the legislature of Nova Scotia, would ever approve any changes in the British North America Act without the sovereign province of Nova Scotia being consulted. I am sure that Sir Robert Borden did not. What he said has been quoted here by previous speakers, and it would not be out of place for me to quote him again. This was on February 10, 1914:

> Speaking for myself, I do not see how it would be possible for this parliament to attempt any alteration in the representation of the provinces without the consent of the provinces themselves.

What did the Hon. Layton Ralston say, the hero of two wars, the man we saw walk the plank here because he stood for duty? He supported the stand taken by the Right Hon. Ernest Lapointe, that the provinces should be consulted. I need not quote what he said. What did Viscount Bennett say when he was Prime Minister of this country? What were his actions? What stand did he take in 1931, when legislation affecting the merchant shipping legislation was being enacted in Great Britain? Here is a record of the stand taken by Mr. Bennett and his associates. On February 23, 1931, Mr. Bennett issued an invitation to the provincial governments to meet the federal representatives at a dominion-provincial conference to consider the statute of Westminster in 1929, which was the outgrowth of the imperial conference of 1926. This was a conference on the operation of dominion legislation and merchant shipping legislation. The meeting was held in Ottawa on April 7 and 8, 1931, and the delegates agreed that the following sections should be inserted in the statute of Westminster:

> 1. Nothing in this act shall be deemed to apply to the repeal, amendment or alteration of the British North America Act of 1867 to 1930 or any order, rule or regulation thereunder.

That is specific. Other recommendations were:

> 2. The powers conferred by this act upon the parliament of Canada or upon the legislatures of the provinces shall be restricted to the enactment of laws in relation to matters within the competence of the parliament of Canada or of any of the legislatures of the provinces respectively.
>
> 3. The provision of the section (relating to the Colonial Laws Validity Act) of this act shall extend to the laws made by any of the provinces of Canada and to the powers of the legislatures of such provinces.

I continue reading the report of that conference:

> Once more the provinces were attempting to safeguard their rights. Mr. Bennett promised the delegates that at a near future date he would summon a conference on constitutional issues with the purpose of considering any further amendments to the British North America Act.

Actions speak louder than words, and those were the actions of Mr. Bennett and his associates. But those are not the actions of

the present able Minister of Justice (Mr. St. Laurent) or the government and party which are going to support him and make this a political issue. This never should become a political issue. As I said earlier, confederation came about through the combined efforts of the leading men of all parties; but, as the hon. member for New Westminster (Mr. Reid) said, this is being treated in the light of "political expediency". I have one more quotation to offer; it is a statement by the late Hon. Norman McL. Rogers.

Mr. HACKETT: Who was he?

Mr. BLACK (Cumberland): He was private secretary—and an able one—to the present Prime Minister (Mr. Mackenzie King). Later he was Minister of Labour and, still later, Minister of National Defence, which position he occupied when he met his untimely death. I do not know whether he was in the Prime Minister's office at the time he made this statement, but he was arguing against the theory that it was necessary in law to consult the provinces. This is what he said:

It would appear that federal practice and political expediency call for a limited measure of provincial consultation and consent in the future amendment to the Canadian constitution, and for definite guarantees with respect to the rights of certain minorities.

I could also quote Hon. E. M. Macdonald, who at different times went on record as stating that the provinces should be consulted with respect to any amendment of the British North America Act.

Mr. HACKETT: Who was he?

Mr. BLACK (Cumberland): He was Minister of National Defence at one time. I am going to repeat what I said earlier, that there is not a single instance on record of any public man in Nova Scotia, irrespective of politics, admitting that the British North America Act, under which that province entered confederation, can be amended without consulting the province; and, if I can speak for Nova Scotia, I say that such amendment should not be adopted and put into effect unless that province is at least consulted and, I believe, until it has approved. I have quoted certain public men. What do the leading newspapers of that province say? Without exception they are opposed to this form of redistribution at the present time. I quote from the Halifax *Herald* of June 8, which said:

This redistribution will be carried out on the basis of the decennial census of 1941—but, if the 1941 census was undesirable as a basis for redistribution in 1943, how can it be made desirable and fair and satisfactory and efficient by any plan that may be brought forward now? That aspect of the matter may rest for the moment.

What really counts is this: if government and parliament are to go ahead with the present plan, then they will not be getting down to the roots of the situation at all.

The present plan may be criticized on the grounds of basic census figures . . . it may be criticized because the provinces may not be consulted respecting the necessary constitutional amendment . . . it may be criticized because it is unfair to one province and unduly "fair" to another . . .

Then it goes on to quote the Prime Minister of this country, supporting what he advocated some years ago. The *Herald* continues:

What Canada needs, of course, is a modern and efficient measure of electoral reform to replace an archaic system producing undemocratic and impossible results . . . The present prime minister made this positive declaration more than ten years ago: "I am in favour of the alternative vote and am also in favour of proportional representation."

I need not quote more of that editorial, and there are several others along the same lines. I would refer to the editorial in the Halifax *Chronicle* of June 3. I am not going to read it all; it is too long, but it says:

There has been very little demand for redistribution at this time . . . it takes second place now to more pressing problems. Most Canadians are waiting with anxiety for a budget already long overdue. We have a fuel crisis on our hands, and the prospects for next winter demand that greater attention be given immediately to the formulation of a national policy for native coal.

. . . the need for additional housing is still acute . . . We need, too, a far more serious consideration of industrial reconstruction and the upsurge of labour unrest that is shackling efficiency . . . Taxes, housing and strikes are the things that need the first attention at the moment . . . If we must have a redistribution bill, why must it be one that increases the membership of the house?

. . . Yet an increase in house representation means an increase in taxation. If the proposed bill goes through as presented, it will cost the country a minimum of an additional $60,000 a year in salaries and allowances for the new members.

If on the other hand we were to allow one member for each 50,000 people, reducing the number of seats to 233, there would be an annual saving of $72,000, or of $132,000 if the proposed bill bringing total representation up to 255 is passed.

The hon. member for Nanaimo (Mr. Pearkes) elaborated on that point in his excellent address the other evening. The *Chronicle* goes on:

Such economies may sound small business in a country where we have a government accustomed to talk in billions. Yet economy must begin somewhere, and before this bill is debated opinion might well be canvassed as to whether its provisions look in the right direction.

I could quote from the Sydney *Record-Post* and other Nova Scotia newspapers, but I shall not delay the house by so doing. I may add, that many newspapers all across Canada are expressing the same view.

The Minister of Justice, in his able speech when presenting this resolution, made the following statement:

> Another question, which has arisen each time there has been any move to ask for an amendment of the British North America Act, has been whether or not the provinces had been consulted and had agreed to it, I think that when the question is put in that form it is ambiguous. The provinces, that is to say the people of the provinces, are all represented in this parliament, and for the purposes of such matters as are confided to the jurisdiction of this parliament it is by those representatives here that the people of the provinces speak.

I am a representative from Nova Scotia. Four of the fathers of confederation came from my home township. I have not been consulted. None of my colleagues has been called into consultation. The Minister of Justice has not called me into consultation, and I do not believe that members from Nova Scotia, as a body, have been consulted. Some of them, more subservient than the hon. member for New Westminster, may support the government because of "political expediency." But on behalf of the people of Nova Scotia I am not going to support this, for political expediency, or for any other reason.

I shall now quote from the remarks of the leader of the C.C.F. party (Mr. Coldwell). He said that he does not think we should be consulted in Nova Scotia. Speaking on June 6, as reported at page 2235 of *Hansard,* he said:

> Therefore I suggest to the hon. member that if this parliament decides that something should be done in the interests of all the people of Canada, and it is within its constitutional right to do so, the will of this parliament should prevail.

I question that statement; I disagree with it. If I have a voice to represent the feelings of the people of Nova Scotia, a voice which comes down from 1864, when confederation had its very beginning in Nova Scotia, then I say he does not represent the views of that province.

Mr. DEPUTY SPEAKER: Order. I must remind the hon. member that his time has expired.

Some hon. MEMBERS: Go ahead.

An hon. MEMBER: No.

Mr. DEPUTY SPEAKER: Order. With the unanimous consent of the house the hon. member may proceed.

[Mr. P. C. Black.]

Mr. BLACK (Cumberland): I shall quote briefly from the remarks of the leader of the C.C.F. party, as they are reported at page 2238 of *Hansard:*

> The whole history of this country since confederation surely points to the fact that this parliament has the right to deal with representation in this parliament.

I do not agree with that, and the people of Nova Scotia do not agree with it. They have no right to change the basis under which Nova Scotia entered confederation, without first consulting that province. I could quote the words of his predecessor in office as leader of the C.C.F. party, the late Mr. J. S. Woodsworth, whose words have already been recorded at page 2233 of *Hansard.*

I note that the hon. member for Royal (Mr. Brooks), at page 2254 quoted the words of the hon. member for Peace River (Mr. Low) the leader of the Social Credit party. I shall not repeat the quotation, but shall point out that he argued that representation of all the maritime provinces in the senate should be reduced to the rightful level, while we are at it. To be fair to the hon. member, I must point out that afterwards he modified that statement, when at page 2255 he said:

> I did say before that no material amendments of the British North America Act should be sought without consultation with the provinces.

So far as the hon. member for Peace River and his party are concerned, there is no menace to representation in the maritime provinces being reduced below the number of senators they now have.

The Minister of Justice has said that we have no right to be consulted in Nova Scotia, and that is the view of the leader of the C.C.F., and that of his predecessor.

Mr. COLDWELL: Within the spirit of the constitution.

Mr. BLACK (Cumberland): The spirit of the constitution does require that we should be consulted.

Mr. NICHOLSON: What about it if you are consulted, and do not agree.

Mr. BLACK (Cumberland): I shall leave that to the people of Nova Scotia, and abide by their decision.

There is also the question that if this is passed it will be taken as a precedent for all future time. This point is touched upon by the hon. member for Peace River. He warned members of the house that if this were passed without consultation with the provinces it would be taken as a precedent, and the same was said by the hon. member for Rosetown-Biggar, the leader of the C.C.F. party.

Mr. DEPUTY SPEAKER: The hon. member was permitted to continue his speech only with the unanimous consent of the house. If he has not unanimous consent I shall have to ask him to resume his seat.

Mr. BLACK (Cumberland): I do not impose upon this house very often, but on this occasion I am endeavouring to express the viewpoint of the people of Nova Scotia. I appreciate the unanimous consent given by hon. members.

Mr. SINCLAIR (Vancouver North): No.

An hon. MEMBER: Time.

Mr. BLACK (Cumberland): I am sorry some do not agree with my arguments, but I am expressing the viewpoints of the people for whom I am speaking.

Mr. DEPUTY SPEAKER: Has the hon. member unanimous consent to proceed?

Mr. SINCLAIR (Vancouver North): No, he has not.

Mr. BLACKMORE: And a member from British Columbia cuts him off.

Mr. SINCLAIR (Vancouver North): Because he is quoting what other members have said. He could have said in five minutes what he has said.

Hon. J. G. GARDINER (Minister of Agriculture): Mr. Speaker, it was not my intention to discuss the constitutional question which has been raised by the hon. member who has just taken his seat, for the very good reason that no doubt, as the debate proceeds, the Minister of Justice (Mr. St. Laurent) will deal with that question in his usual competent manner.

I do, however, wish to answer on the basis of the position taken by the hon. member for New Westminster (Mr. Reid), namely, that one in the house should speak for his constituency or for his province, and feel free to do so without arguing any notions he may have with regard to the necessity for unity in Canada. I can speak to-night with the unanimous consent of all political parties represented in the legislature of Saskatchewan, when I say that they are not interested in having the government of that province consulted on this particular matter.

I state that advisedly, because I was just reading the Regina *Leader* before I came to the chamber, and noticed that in interviews given the press by the premier of Saskatchewan and by the leader of His Majesty's opposition in that province, both had agreed with the principle of the resolution introduced by the Minister of Justice, and both had suggested that it would not be necessary for an appeal to be made to that province. It is not necessary for me, coming from Saskatchewan, to discuss the constitutional question as it is related to this issue, that is, that the provinces ought to be consulted when an amendment of this kind is being asked for.

The suggestion was made a few moments ago that this question has been raised because of political expediency. I do not know just what was meant by that suggestion, but I would say that the question has been raised on this occasion for a very different reason from that which caused the raising of a similar question in days gone by. If one goes back to the days preceding confederation and reads the history of that time he will agree that there was a great deal of discontent, lack of unity and discussion of questions largely from the point of view of local community interest, with the result that, after conferences had been held and discussions had taken place, the act of confederation, or the British North America Act, was passed with the object of bringing about a condition of unity as among the provinces, or as among the colonies which then constituted the maritime provinces and what we sometimes speak of now as the central part of Canada, namely, Ontario and Quebec.

It was only natural that at that time very little discussion should take place related in any way to what we know to-day as the prairie provinces or very little discussion, in the initial stages at least, in so far as British Columbia was concerned. The discussion largely had to do with the differences of opinion that had existed among the colonies in the eastern part of Canada, and so the provisions of the British North America Act in relation to this matter, as well as to other matters, had to do largely with the discussions which had taken place in what is to-day Ontario, Quebec and the three maritime provinces.

Therefore, I was not at all surprised when the hon. member for Cumberland (Mr. Black), who has just taken his seat, made the statement that the discussions as to redistribution that had gone on were carried on by members from the maritime provinces and from the two central provinces, but that very little had been heard from the western provinces until such time as it became necessary to reduce the seats in western Canada under the system of redistribution which is provided for in the act. I do not agree with the hon. member when he says that the maritime provinces always took without any protest, the decisions which were brought about by the terms of confederation. As a matter of fact, the chief reason for the

discussions which are now taking place in the house is the fact that an amendment was made to the constitution in 1915 to provide against the representation in the maritime provinces dropping below the numbers which represented them in the senate. For that reason Prince Edward Island at the present time has four members instead of two; New Brunswick is protected with its membership of ten, the act providing that it cannot go below that number, and Nova Scotia, with a present membership of twelve, is protected by the act against that membership dropping below ten.

If there were any provinces in the Dominion of Canada that have a right to protest against that amendment it is the western provinces, beginning with Manitoba and extending to British Columbia. Why? The only protection we have under that clause is the protection which says that, no matter if our population be twice the population of Nova Scotia or Prince Edward Island or New Brunswick, we shall have six members for each province. Your population as compared with that of Canada drops to those proportions. All we are entitled to under the constitution is twenty-four senators from the four western provinces, which gives us a membership of six in each. If there are any protests that should be made about the provisions which were placed in the statute because of the protests made by the maritime provinces, they ought to come from the western provinces. But up to the present time we have not made any protest. The hon. member for Cumberland has invited protests along that line when he intimates that in the past the maritime provinces have taken the constitution as it is, but that immediately the membership of the western provinces comes under consideration we want the constitution amended. Well, the constitution has been amended before and the protection given which I have indicated.

There is one other feature of the discussion to which I should like to call attention. We have been in the habit in this country of discussing everything from the point of view of its effect upon Ontario and Quebec. That is natural because, as we go back and read *Hansard,* we find that it was in connection with the representation of those two provinces that most of the discussion took place. When we quoted matters with regard to redistribution we were led naturally into a discussion of representation in the province of Quebec or representation in the province of Ontario. Perhaps that has been given undue emphasis on this occasion, not only in this house but outside the house.

[Mr. Gardiner.]

This is not a proposal coming from the province of Quebec. It so happens that the Minister of Justice, in his most capable manner, introduced the resolution because he is the Minister of Justice, but the fact that he comes from the province of Quebec does not indicate that this was a suggestion by the province of Quebec. No one is hurrying redistribution at the present time. Under our constitution redistribution should have taken place in 1943, prior to the last election. We amended our constitution to provide that it should not take place then. It was stated at that time that redistribution would take place in the earliest possible session after the war. I venture to say that if that had not been provided in 1943 the proposal to postpone redistribution would not have passed this house. It was insisted that redistribution should be brought into this house in the first possible session after the war was over, so that now in 1946 we are discussing redistribution, in the first full session after the end of the war.

That being the case, may I say that two important matters are involved. The first is the fact that in the early constitution it was provided that a province had to vary its population by one-twentieth before its membership could be reduced. As a result of that, Ontario is entitled to possibly eight more members than it would be under a simple basis of representation by population. What was the issue raised in 1943 by those who came from the province of Quebec? It was not based on the proposal which is being made at this session. The contention was that Quebec had been used from the time of confederation down to the present time as the province in which the basis of constituency representation would be figured. In other words, you take the population of the province of Quebec and divide it by sixty-five, and you get the representation for each constituency in that province, and then you divide the population of the other provinces by that unit in order to get the representation in the other provinces.

The constitution sets sixty-five members for the province of Quebec, and the province of Quebec said in effect in 1943, "We have had that condition now since the time of confederation. We would like to suggest that Ontario be taken as the province where the unit is determined; that our population be divided by whatever that unit is, and that we proceed from now on with that as the basis of our redistribution in Canada." That has stood in my mind from that time down to the present as the proposal which was made by those who represented Quebec in the

house at that particular time. But that is not the proposal which is contained in this resolution. If anyone is looking for the reason for the suggestion that the old provision be removed one does not have to think in terms of political expediency; one should think in terms of what the constitution was really intended to bring about in the first place, namely unity among the people of this country. It seems to me that if we want to have unity in Canada one of the first things to be done is to remove the necessity of any discussion whatsoever as to any different relationship at between Ontario and Quebec, or as to the relationship existing between any other province in Canada and Quebec, or between any other province in Canada and Ontario. So that it has been thought wise in bringing down this resolution to remove all reference to any of the provinces in so far as that particular point is concerned and to make it possible for us to figure out a unit for representation which is based upon the population of Canada. If we were going to submit to the condition which was raised a few moments ago by the hon. member for Cumberland; if we had intended to create the condition which he has outlined as existing, then of course we would not have done what is contained in this resolution. He has suggested that by some means or other Nova Scotia can be reduced below ten members under this resolution, and that New Brunswick can be reduced below ten members. Well, he has not read the resolution carefully, or he would know that Nova Scotia can never at any time under this resolution be reduced below ten, and that New Brunswick can never be reduced below its present ten.

Mr. BLACK (Cumberland): If the minister will allow me, I did not make that statement. I said that this would be taken as a precedent; that further amendments may be made, without consulting the maritime provinces, which would result in a further reduction of our membership.

Mr. GARDINER: Well, of course, if we are to take under consideration all the possibilities of what any house of commons or any parliament in Canada might do, and make them as ridiculous as some people think they might be, we would be warranted in following an argument of that kind. But the fact of the matter is that the only reason that this question could not be stated in the resolution in the simplest possible form is for the purpose of retaining the protection which Nova Scotia has and retaining the protection which New Brunswick has. If it had not been for that consideration, all that it would have been necessary to say in order to make plain to the people of Canada what is intended would be this: "We are going to deduct the population of the province of Prince Edward Island and of the Yukon Territory and of the Northwest Territories from the whole population of Canada; then divide the remaining number by 250, and so get your unit; then divide the populations of each province by that unit of population, and we will get the membership for each province, and the total membership in these provinces will be 250, and then we will add back on the five that we have already taken off from Prince Edward Island and the Yukon, and you will have 255." There would have been no necessity of saying anything more than that, had it not been for the fact that some day Nova Scotia may drop below a figure which would entitle it to ten members. If it ever does, then instead of subtracting five members we will subtract fifteen, and we will also subtract the population of Nova Scotia and of Prince Edward Island and of the Yukon Territory from the population of Canada and divide by the number which is left, which in that case would be 240, and you get your unit. When the seven provinces are provided with 240 members, the fifteen are added back in to make the total of 255. In other words, the resolution absolutely provides that the membership of this house can never be more than 255 so long as the meaning of this resolution is put into a bill and passed first by this parliament and then by the British parliament. That is what is being asked for.

Someone suggested this evening that if we went on the same basis as they have in the United States we would have a very much smaller house than we have here at present. I would ask my hon. friend to let his mind go back to the time when the United States had a population of only twenty-five million, and take his figures, based upon the membership of the houses then, and divide them into the population and see what he would have got. This resolution provides for an amendment to the constitution which retains the membership of the House of Commons at exactly the same figure when we have forty million people as it provides for at the present time when we have less than twelve million people. In other words, the membership of the house would not under this resolution ever increase beyond 255. It would remain at that throughout all time until someone undertook to amend the constitution further in order to provide for something else. But we in this parliament cannot take into consideration all the things which people may

do fifty years hence, or all the things they may do even twenty years hence. We can only act in the light of the information and the knowledge we have and do the thing which we think advisable. Under this resolution what we are proposing as advisable is to have the House of Commons composed of 255 members, and we are providing the means under which it will not increase beyond that figure but will remain at it.

I wanted to make that plain. But there is another thing I wanted to say in relation to this. The hon. member for New Westminster seems to base his opposition to the resolution upon the suggestion that Saskatchewan and perhaps some of the other prairie provinces are going to benefit by this being done now, and that probably British Columbia is going to lose something by this being done now. If he intended to argue from that that the prairies had something to do with proposing the plan I will agree. I can not understand his computations on the figures which are available. If we are going to follow what he has suggested, namely do nothing until after 1951, when the next census will be taken, British Columbia would remain with two members less than are provided for under this resolution and Saskatchewan would remain with one member more than is provided for under this resolution. In other words, Saskatchewan would remain at twenty-one until 1951, and British Columbia, with what he says is a greater population than Saskatchewan—and I do not admit that—would have a representation of only sixteen, not eighteen. So that if we want to do something at the present time in favour of British Columbia in order to give it a representation which is more comparable with the representation which Saskatchewan has, I would suggest that this resolution does it to much better advantage than the suggestion made by the hon. member for New Westminster. He would still maintain in his province a representation of eighteen until the next census, and we would retain in Saskatchewan only twenty until the next census is taken. I find it a little difficult to follow his reasoning to the effect that it would be twenty-five years longer before the C.C.F. would get into power in Canada under this scheme than under some other. I do not believe they will ever get into power under any scheme, though that is a matter of opinion. That, I think, has little bearing on the question which is under discussion.

I do not believe that the hon. member for New Westminster has justified the position which he says he is to take. If he is thinking in such terms as he indicated, in terms first of the welfare of his constituency and then of British Columbia, under this proposal his constituency might be smaller than it is now, but I do not know whether that would help him. But under this proposal British Columbia would certainly have two members more than under his proposal until the next redistribution, in which case that province, I think, would be more fully represented here than otherwise it would be.

I am inclined to agree when he suggests that British Columbia is on the up-grade in the matter of increased population. I am not sure that Saskatchewan is on the down-grade in matters of population. We have been on the down-grade for some time in other respects but not necessarily in population. Probably the fact that we were on the down-grade in matters of population for two or three years had something to do with some other things that have happened in Saskatchewan during that period of time, but I do not believe that we are always going to have that government, and I do not think we shall always have the reasons for population being down that we have had during those two or three years. Looking at the western provinces, I have always felt that Saskatchewan had a great deal to be proud of, and one fact that she has had a great deal to be proud of is that she has always had a greater population ever since people began to go there and to learn of conditions in Saskatchewan. She has always had a greater population than the other western provinces.

An hon. MEMBER: Not now.

Mr. GARDINER: Oh, she still has, just by about the margin of two members that are being allowed under this resolution. We may have to wait until 1951 to be able to prove it, but in the meantime we are taking it for granted that the condition which is shown by every past census taken is still the position, that Saskatchewan has a greater population than any of the other western provinces, and one of the reasons why that has been the case in the past is this. People tell me, "Look at the undeveloped natural resources they have in the foothills of the Rocky Mountains". I agree with people who call attention to that fact. But in the next breath they say that Saskatchewan has nothing like the resources they have in the foothills of the Rockies. Let me say this. More real wealth has come out of any similar extent of territory in Saskatchewan, without any foothills; more real wealth has come out of any similar number of square miles in that province, than will ever come out of areas in mining districts where mining is the main reason for the development of any such area

We have an agricultural province. We depend upon the top six inches of soil; and if anyone takes a pencil and figures out the wealth that is coming out of that top six inches—the wealth that has come out ever since the province was first developed up to the present time—he will find it difficult to discover any other part of the world where a similar amount has been taken out of the natural resources of the country in order to provide for a similar number of people to live therein. That is the chief reason we have always had a higher population up to date.

An hon. MEMBER: Up to date.

Mr. GARDINER: Up to date, yes. My friends over the mountains think they will have a greatly increased population and I wish them luck, because if they get a greatly increased population in British Columbia and Alberta and a greatly increased population along the foothills of the Rockies on the east side, then I may tell them that three-fifths of the cultivated farm lands in Canada are located between the foothills and the city of Winnipeg. If any area is going to benefit by the fact that there are more people living in British Columbia, more people living in the foothills in Alberta, that area will be an agricultural area, and the greatest and best agricultural areas in western Canada are in Saskatchewan. I believe that as their population goes up ours will go up, and I hope their goes up very fast, because the faster it goes up, the sooner we shall be able to overtake anything that they are entitled to in the way of representation in this house.

I wanted to say these few words with regard to the situation as it exists, in order to emphasize the fact that this is not a Quebec proposal but a western proposal. I wish to make this appeal to members of the house and to those outside. This is not a question which concerns the maritimes alone. This is not a question which concerns the province of Quebec alone. This is not a question which concerns Ontario alone, nor does it concern the province of British Columbia alone; and to make this statement—in spite of what the hon. member for New Westminster says—that a member in this house should discuss public questions from the point of view of his own constituency and his own province, is to say that we shall never have unity in this country so long as we have a membership here that speaks only from that point of view.

What we want in connection with redistribution is a constitution which thinks the necessity for considering Ontario as against Quebec, Quebec as against Ontario, the maritimes as against western Canada, and western Canada as against some other part of the country, is entirely out of the picture. In order to take these questions entirely out of it there are two things to be done. One is to remove from the constitution any provisions that deprive us of the opportunity to have representation in this house according to population, with one exception, that exception being the provision which protects the maritime provinces against a reduction of membership until industry with population returns.

I am not so pessimistic about the maritimes as the hon. member for Cumberland. I do not agree that there cannot be a greater population in the maritimes. I believe that there is no part of Canada that has been dealt with more harshly by a policy which has built up central Canada at the expense of other parts of the dominion than the maritime provinces, and one of the reasons for that is illustrated right in the city from which my hon. friend comes.

I have gone to his city. The first time I drove through Amherst I wondered what I was looking at—one of the finest little cities in the dominion, a city which a few years ago was one of the most prosperous industrial places in Canada A gentleman,—my hon. friend knows him very well,—a good Irishman with the Irishman's usual wit, was driving me around the city, and I said to him, "How does it happen that I can see right through that building? I can see the windows on the other side." He answered, "Because everything has been taken out of it." I asked him who had taken it out and he said, "Those fellows in central Canada. They came to the conclusion that they could make something cheaper there than we could make it in Amherst; so somebody came here, bought the plant and closed it up, and now in central Canada they are making what we want to utilize here." He took me to one plant after another that was closed, and then finally said, "Here is one that is still operating." I said, "What are they making in there?" He said, "Coffins." Well, there is something in an illustration of that kind. What we want in Canada in order to protect us against that kind of thing is not a different kind of redistribution bill, but something entirely different. That thing which would be entirely different could put the maritime provinces back on the map industrially. I wish to say to my hon. friends from the maritime provinces that I do not know of any way of bringing it about quicker than to have those provinces think more in terms of the development of western Canada than they have been doing.

and in thinking in those terms to believe that there are the possibilities of entering western Canada by more than one route.

Over a considerable part of the year, western Canada can be entered by water through Churchill. As we get the improvements to navigation which have come about during the war applied, western Canada will be entered for a greater number of months of the year than at the present time. The maritimes can operate into Hudson bay with boats and put their products the same distance from every prairie farmer at Churchill as they are putting them to-day at Fort William.

Mr. BENTLEY: Would the hon. member permit a question? Does the Minister of Reconstruction and Supply (Mr. Howe) agree with that, because only a short time ago he told us that two and a half months was the limit for the port of Churchill.

Mr. GARDINER: The Minister of Reconstruction and Supply is an engineer. He built the elevators at Churchill; he had something to do with building some of the other equipment. He knows more about that question than I do; but in addition to that, being an engineer, he is going to be on the safe side. Being an optimist, and one who looks to the future, I do not need to look at it that way. I believe that with the improved facilities in navigation which we have, if we could navigate into Churchill for two and a half months at the time the elevators were built and at the time these investigations were made, then unless everything that we have heard about atomic energy and everything new is wrong, we ought to be able to operate into that port for at least a month longer, and I would hope for even more than a month longer. Whether we can or can not, in two or two and a half months the maritime provinces, manufacturing as they ought to be manufacturing, sitting right on the edge of the seas as they are, with ports unmatched in any part of Canada, ports open all the year round into which they could take the commodities of the world and manufacture them into the things that Canadians in the central part of Canada need, if they have the kind of vision as to what this country can become, they will have plants running twelve months of the year, and they can ship all the products that are required in western Canada in a year, in the months that the port of Churchill is open. If they cannot get it in through Churchill I am sure they can still navigate boats up the St. Lawrence and through the great lakes, and have just as much more come up by that route.

[Mr. Gardiner.]

They do not need to be always saying that the central part of Canada has ruined the maritime provinces. I am going to say to them that I do not understand why this war did not bring more industries to the maritime provinces than it did. I do not understand why the war did not bring more industry to Alberta than it did. It brougth a lot more industry to British Columbia than they had before, and that is why they are optimistic. But I do want to say that I believe the people themselves had more to do with getting that industry into British Columbia than anyone else. I do not know of any place in Canada where the people right on the spot did less to get industry into it than did some sections of the maritimes and Alberta. Let me repeat, there are no sections of Canada which have a greater future industrially, if brains and capital, if you like, are applied to their possibilities, than the two extreme ends of this country, the maritime provinces and British Columbia, and the foothills of Alberta. They are the gates of the country. By developing the possibilities of these routes I have been speaking about, and the possibilities of the natural resources located in their areas, they can make it possible for greater and greater populations to live in those areas.

Why, we talk of this country as though it consisted only of the St. Lawrence river basin and only the half of it on the north side. This country consists of an area which is driving farther north all the time. It was that area which made possible the production of equipment during war time, and which makes possible the production of equipment now. These cities along the St. Lawrence could not exist at all with their present populations were it not for the enormous wealth contained in the back areas of the provinces of Quebec, Ontario and on into the prairies. Let me repeat, give us the industrial population to which we are entitled, first in the maritimes, because they are older, and then in Alberta and British Columbia, and we of Saskatchewan and the other prairie provinces will show you a prosperity which will match anything that has taken place in Canada down to the present time.

Tell us that there is no future for this country, that we can never have a population of more than twenty million and that we are going to have only a few millions in 1990, and proceed from that basis and this country will die on its feet. What we want in Canada to-day is vision. If the people who live in those areas feel that they are not getting what is coming to them, applying that vision will put those areas over, and by putting them over—

Mr. McCUAIG: The C.C.F.

Mr. GARDINER: We will get rid of the C.C.F. and all these other isms.

Mr. BLACK (Cumberland): May I ask the minister why the department and the government will not agree to the request of the provincial governments to reclaim the marshlands? They have deteriorated to a greater extent than the industries of that part of Canada, and the maritime provinces and some hon. members in this house have been demanding that these marshlands be reclaimed.

Mr. SPEAKER: Order. I am sorry to have to interrupt the hon. gentleman, but his question has nothing to do with the subject under discussion.

Mr. F. E. JAENICKE (Kindersley): Mr. Speaker, I would ask you to be good enough to call it eleven o'clock and permit me to adjourn the debate.

On motion of Mr. Jaenicke the debate was adjourned.

On motion of Mr. St. Laurent the house adjourned at 10.53 p.m.

Friday, June 14, 1946.

The house met at three o'clock.

FOREIGN EXCHANGE CONTROL

STATUTORY AUTHORITY FOR ORDERS IN COUNCIL PASSED UNDER WAR MEASURES ACT

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

That it is expedient to present a measure to make statutory provision for foreign exchange control now exercised under the authority of orders in council passed under the War Measures Act and for that purpose, inter alia, to (a) continue the special exchange fund account in the name of the Minister of Finance established under the Exchange Fund Act; (b) establish a foreign exchange control board which will be the successor of the existing foreign exchange control board and have power, under the direction and control of the Minister of Finance, to regulate and control transactions in foreign currencies and related transactions and to manage and operate the exchange fund account; (c) authorize the Minister of Finance to make advances to the exchange fund account out of unappropriated moneys in the consolidated revenue fund on such terms and conditions as the governor in council may prescribe; (d) authorize the payment out of the exchange fund account of such remuneration to authorized dealers as the governor in council may prescribe.

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

Motion agreed to.

LABOUR CONDITIONS

MOULDERS' STRIKE IN BRITISH COLUMBIA—REPRESENTATIONS OF ENGINEERING FIRMS

On the orders of the day:

Mr. ANGUS MacINNIS (Vancouver East): I wish to ask a question of the Minister of Labour. I am informed that representations have been made to the minister by certain engineering firms in Vancouver whose business has been affected by the prolonged moulders strike. May I ask the minister whether he has any statement to make and whether the Department of Labour is able to do anything in the circumstances?

Hon. HUMPHREY MITCHELL (Minister of Labour): The hon. member was good enough to send me notice of his question. The wartime labour relations regulations, P.C. 1003, are administered in British Columbia by the Minister of Labour for British Columbia. That was the original arrangement when the regulations were drafted. As a consequence, all industrial disputes in that province are dealt with by the conciliation service of the province except those which are ordinarily within the legislative authority of parliament, such as disputes affecting railways, navigation or shipping, and by arrangement disputes affecting the coal mining industry. The foundry dispute is being handled by the provincial department of labour.

Mr. MacINNIS: May I ask a supplementary question? Has the minister been advised by the premier of British Columbia or by any official, that they consider this a matter that comes under the federal department of labour?

Mr. MITCHELL: I have no knowledge of that. I believe the statement I have made is a fairly practical one. It is obvious that the federal department of labour cannot get into every dispute in every province. I know that some newspaper editors, with little experience of these things, have expressed opinions to the contrary—

Mr. MacINNIS: They do on everything.

Mr. MITCHELL: —but that dispute is being handled by the provincial department, and I have no knowledge of any communication either to my department or to anyone else with respect to it.

CANTEEN FUNDS

ALLOCATION AND DISPOSITION

On the orders of the day:

Mr. CLARENCE GILLIS (Cape Breton South): I sent the Minister of Veterans Affairs notice of a question, but I see he is not here. Since the question has to do with the three defence departments, I will ask that it be taken as notice. Has the government complied with the recommendations contained in the fourth report of the canteen committee, which was set up in 1942, to arrange machinery for the allocation and disposition of canteen funds accumulated during the war?

Hon. DOUGLAS ABBOTT (Minister of National Defence): Perhaps I might answer that question now. We are giving careful consideration to the whole question of canteen funds. I have asked the officers of my department to get me certain information in connection with them. Although I will not make any positive statement to this effect, I think I shall wish to suggest that at the next session of parliament we set up another committee on canteen funds, because the question is an important one. Substantial sums of money are involved. My present view is that it would be well to have the question considered by a committee of this house, but I do not think it would be possible to do it at this session. I make that statement in reply to my hon. friend's question in order that he and others interested may know the way we are thinking about it at the moment.

Mr. COCKERAM: May I ask the minister a supplementary question? What is to be the disposition of the funds of regimental canteens and clubs? Are they to go into the canteen funds?

Mr. ABBOTT: That is a complicated question. As my hon. friend knows, some of the funds come from regimental canteens and some from other sources, and the matter would have to be considered as a whole. At the moment I am not in a position to say just what will be done with respect to these funds, any more than any others.

SERVICE PERSONNEL

STEPS TO FACILITATE TRANSPORT OF FIANCEES TO CANADA

On the orders of the day:

Mr. STANLEY KNOWLES (Winnipeg North Centre): I should like to direct a question to the Minister of Mines and Resources in his capacity as Minister of Immigration. On behalf of a number of Canadian servicemen who have fiancees in Holland, Belgium, France or other European countries, may I ask the minister whether he will try to find a way to facilitate their coming to Canada at an early date? Is it possible to give these girls the same consideration as that given to overseas war brides?

Hon. J. A. GLEN (Minister of Mines and Resources): The hon. member gave me notice of this question. The problem of the movement to Canada from the continent of Europe of the fiancees of Canadian servicemen is primarily one of transportation. A similar situation exists in the British isles, where many fiancees are awaiting an opportunity to proceed to Canada to join their intended husbands. It is not possible to make provision for the movement of fiancees on the same basis as the wives and children of servicemen. There are still approximately 25,000 servicemen's wives and children in the British isles, and 2,400 on the continent. These are being brought forward just as quickly as transportation is available and they are, of course, entitled to preference.

I can assure the hon. member that everything possible will be done to facilitate the movement of servicemen's fiancees. The situation is a difficult one. There are still many Canadians overseas who have been waiting for many months to secure accommodation for return to Canada; in fact some of them have been endeavouring to return since early last year. There will, of course, be an immediate improvement in the situation when the movement to Canada of service personnel and their dependents is completed.

ATOMIC ENERGY

PUBLIC CONTROL AND SUPERVISION OF DEVELOPMENT, APPLICATION AND USE

The house resumed from Tuesday, June 11, consideration in committee of bill No. 165, relating to the development and control of atomic energy—Mr. Howe—Mr. Macdonald, (Brantford City) in the chair.

On Section 1—short title.

Mr. GREEN: Press dispatches of this morning indicate that the United States government has released information about the use of atomic energy. Can the minister give a statement to the committee telling us just what the United States action means?

Right Hon. C. D. HOWE (Minister of Reconstruction and Supply): I am afraid I did not read the article. I saw the headlines and intended to read it, but I have not had time; therefore I cannot answer the question.

I know of no special release of information about atomic energy, although there very well may have been such a release. Canada, in any event, was not consulted in the matter.

Mr. GREEN: Can the minister indicate what the expenditures in connection with atomic energy control will be during the fiscal year? I notice that in Great Britain an estimate was given when their bill was introduced into the House of Commons. The Canadian ministry must have some idea as to what the cost will be.

Mr. HOWE: So far as the current fiscal year is concerned, there are two types of expenditure involved, one on capital account and the other on operating account. At the moment the two pretty well overlap, because there is still some work going on in construction, and also some on operation. The construction of the Chalk River project will entail a cost of about $20,000,000. I am not sure how much will be spent this year; perhaps it will be five or six millions, which will be a carry-over from last year

Mr. GREEN: The total capital expenditure on Chalk River will be $20,000,000?

Mr. HOWE: Yes. The operating is estimated to cost $3,500,000 annually.

Mr. GREEN: Are there any other expenses involved in addition to those at Chalk River.

Mr. HOWE: No, not directly on atomic energy. At the moment the activities of the Eldorado company are self-supporting, and I know of no expenditures outside of those I have mentioned.

Section agreed to.

On section 2—Definitions.

Mr. GREEN: This is the section which deals with various definitions. For example, it defines the board, the president of the board, and a member of the board. Has any consideration been given to having the minister, who is over the board, a member of the board itself? It does seem to me that there might be some merit in having a member of the government an actual member of the board. It would tie the House of Commons in that much closer with the activities of the board.

Mr. HOWE: I suggest that it would not be good organization. I think the board should have some body capable of sitting outside its orbit to review its work. For example, in my department the deputy minister is never permitted to be a member of a board of directors, the theory being that the job of the deputy minister is to see that the work of the board is kept in order. I rather think there should be a wholly outside body to check this work. If the minister was on the board there would be no one except parliament, or the government as a whole, perhaps, to check the work of the board.

The CHAIRMAN: Order. May I point out to the committee that we are now dealing with the definitions. Section 4 of the bill sets forth the composition of the board. Probably this discussion would be more appropriate under section 4.

Mr. GREEN: Section 2 defines a member, the board and the president. Surely we are in order in asking questions such as I asked on this section; and I think we will get along a great deal faster if we are not tied down too rigidly on the sections. I believe my question was quite in order.

The CHAIRMAN: I am not saying it is not in order, but I should think any discussion as to who sits on the board should be taken up when we are considering the composition of the board. I thought it would facilitate the work of the committee if we discussed that matter when discussing the composition of the board. However, I am entirely in the hands of the committee.

Mr. HACKETT: I want to ask the minister if he believes the rule—and I consider it a good rule—which precludes deputy ministers from sitting on the board of a crown company would necessarily apply to a minister. It seems to me that it would be a proper thing to have the minister on the board, because the company is administering and spending crown moneys. With the minister on the board the house could feel that it had a watch-dog on the board, and it would have a representative responsible to the house whose presence on the board would do away with much of the criticism that has been levelled at crown companies in that they are spending money without control on the part of the house.

Mr. HOWE: It seems to me, Mr. Chairman, that the objection to having a deputy minister as a member of the board would apply with even greater force to the minister himself. After all, this board reports to a committee of the privy council, of which the minister is chairman. I never think it is very good organization, though many people would disagree with me, to have the president of a company act also as general manager. I believe the management should be separate, in a sense, from the policy-making branch, so that there may be a check on the manage-

ment without the policy-making body necessarily becoming part of the technique of management.

Mr. HACKETT: I do not want to press the argument unduly, but I submit that while the theory to which the minister has just given expression may be good in business, there is a difference between ordinary procedure in business and the procedure which should be followed when crown moneys are involved. Does he not feel that a distinction should be made where a crown company is spending crown moneys; would it not give parliament more security and the government a better opportunity to maintain control of the moneys spent if it were represented on the boards of these companies?

Mr. HOWE: It occurs to me that there would be two or three objections. For example, sitting on a board of five the minister might be overruled and outvoted four to one, which would hardly be consistent with the line of authority. Then if a recommendation came from a board of which the minister was a member and it became the duty of the deputy minister to overrule the decision of the board, or to recommend to the minister that he overrule that decision, there would be some difficulty. I am strongly of the opinion that the board will function very much better if no minister of the crown is a member of it.

Mr. GREEN: Would that difficulty be overcome if provision were made in the bill that the minister be an ex-officio member of the board? That would give him the right to sit in at any time.

Mr. HOWE: He would still be a member of the board, and I think the same objection would apply.

Mr. GREEN: If the minister has some direct tie-up with the board it brings parliament that much closer to it. As the minister knows, in the United Kingdom the minister of supply is the whole board; there is no one else. Everything is handled directly under one minister. Perhaps we could get around the difficulty in the way I suggest.

Mr. HOWE: I would call my hon. friend's attention to section 7 of the bill, which reads:

> The board shall comply with any general or special direction given by the committee—

That is the committee of the cabinet.

> —with reference to the carrying out of its purposes and shall advise the committee on all matters relating to atomic energy which, in the opinion of the board, may affect the public interest.

In other words it is a board under the minister and subject to direction by the minister. I have never found that boards exceed their authority in spending money. The boards with which I am familiar have been most careful to make sure a project is approved before any expenditure is undertaken. The fact that the minister can change the personnel of the board at will, and the fact that the board must be subject to a specific direction if the minister gives it, I think set up a relationship better than would result if the minister were to act as one of the five members of the board itself.

Mr. CHURCH: Section 2(a) provides:

> "Atomic energy" means all energy of whatever type derived from or created by the transmutation of atoms.

In his able address on June 3 the minister mentioned the possibility of this energy being applied to civilian pursuits for the benefit of mankind, and he referred particularly to heat. The cost of producing this energy will be so prohibitive that in my opinion it will never be used to furnish heat and for other social and civilian purposes. The other day I quoted authorities to support this opinion. Electrical energy in Ontario, which in 1923 amounted to one million horsepower, at that time was the equivalent of twelve million tons of coal. I believe we have some 47,000,000 horse-power in Canada, only one-sixth of which has been developed for the benefit of the cities, towns and farms of this country. The atom will never accomplish anything like that. Fancy that, Mr. Chairman; in your own province the electrical horse-power developed in 1923 was the equivalent of 12,000,000 tons of coal. The other day I quoted the opinions of two of the greatest scientists in the world to-day on the cost and distribution of atomic energy. As you know, after every war some new invention comes along which causes people to have fabulous dreams of big things which, when examined from the scientific standpoint, do not measure up. If atomic energy would do anything comparable with what electrical energy has done in taking the place of coal, then we would have something to look forward to. The cost of using the atom to produce heat and the cost of transmitting that heat would be prohibitive.

There are other matters dealt with in section 2 to which I referred the other day. I do hope the real men of science will be in charge, not just gentlemen who may be presidents of universities, with administrative power, but men who know something about science itself. It is only in the last ninety years that science has discovered the power

inherent in coal, oil and falling water, and the great benefits resulting therefrom to mankind. Those three discoveries did more for science than any other agencies. After all is said and done, in the last ninety years science has won the admiration of the world. It argues from facts, realities and examinations. It makes discoveries after taking great pains, with care and toil. The work of many thousands is devoted to science; they are the missionaries carrying on their explorations for the benefit of mankind.

Science is not like politics, or some other branches of endeavour. It is not always up in the clouds; rather it argues from facts. If the atom can be developed as a producer of power, as have coal, oil and falling water, it will be worth while. I am very very doubtful, however, about that development because, as I said the other day, sometimes we have on these scientific research boards men who are just executives and who have no knowledge of science. They are appointed because they may have been the heads of some department or other. I should hope that the board would consist of Canadians, because people in this country have shown that they are second to none in scientific endeavour.

From his experience in this connection, I believe the minister knows more on this subject than most of us in the house. I do suggest to him that any development of atomic power, while commercially costly, would most certainly be an important factor in a country such as Canada which requires heat for ten months of the year. Does he hope that from atomic energy heat will be developed, as it has been from the other discoveries I have mentioned, so as to relieve the people of this country from much of the cost involved in heating houses, hospitals and other buildings? Does the minister hope that the very laudable object mentioned in his speech of June 3 will be attained?

Mr. HOWE: I am hopeful that means will be found to convert atomic energy into usable heat at reasonable cost. When one stops to consider that a person could put enough plutonium in a capsule the size of a fountain pen to drive a battleship around the oceans for three years, it seems conceivable that means can be found to make use of atomic energy as valuable to the world as is the use of electricity at the present time.

Mr. FLEMING: A few minutes ago the minister referred to a committee of the cabinet to which the atomic energy control board will report, of which committee I believe he said he was chairman. Who are the other members? I suggest it would be particularly desirable to have the Minister of National Defence a member of that committee.

Mr. HOWE: As I said the other day, the committee consists of the following: The Minister of Reconstruction and Supply, chairman; the Minister of Trade and Commerce, the Minister of Mines and Resources, the Minister of National Defence, the Minister of National Health and Welfare, the Minister of Finance, the Minister of Agriculture, and the Minister of Labour.

Mr. GREEN: I note there is a definition of the expression "prescribed substances." It is my understanding that wide powers are taken to deal with the production and use of prescribed substances.

Mr. HOWE: Yes.

Mr. GREEN: The definition reads:

> "Prescribed substances" means uranium, thorium, plutonium, neptunium, deuterium, their respective derivatives and compounds and any other substances which the board may by regulation made under this act designate as being capable of releasing atomic energy, or as being requisite for the production, use or application of atomic energy.

Those last few words would seem to be wide indeed, because there must be many substances which could be regarded as requisite for the production, use or application of atomic energy. Is it necessary to have a definition as wide as that? Are the last two lines required?

Mr. HOWE: We are only at the beginning of the age of atomic energy. At the present time the only element capable of setting up chain reaction is uranium. Uranium is the heaviest of the elements. The next heaviest is thorium. While it is not believed at the present time that chain reaction can be set up with thorium, it may be used to supplement uranium by using the two together. It is quite possible that improved methods of setting up chain reaction will be found, and that the metals lower in the scale of the elements may be used. Therefore it is felt the board should have power to extend the list of metals over which it may exercise control, as the advance of science may indicate.

Mr. GREEN: Yes, but the words to which I have referred go much farther than the matter of defining substances. They cover articles used in the production of atomic energy. For instance, those words could be construed as being applicable to machinery, and many other articles. I refer in particular only to the words "or as being requisite for the production, use or application of atomic energy."

It may be necessary to have those words, but it seems to me there is a question whether the definition is too broad.

Mr. HOWE: I have no doubt the hon. member has the British act, which is considerably broader than ours. That act says that a "prescribed substance" shall mean uranium, thorium, plutonium, neptunium, or any of their respective compounds, or any such other substance as the minister may by order prescribe, being a substance which in his opinion is or may be used for the production or use of atomic energy, or research in matters connected therewith. The United States act contains a broader definition than this measure does. I suggest this provision is no wider than may be required to meet further developments. I can assure the hon. member that the board will not take action in respect of a substance unless it can prove to the minister, and through him to the house, that such action is justified.

Section agreed to.

On section 3—Board constituted.

Mr. FLEMING: While section 3 makes the atomic energy control board a body corporate, and gives it the right to contract in the name of His Majesty, and to acquire property, it does not contain any provision that such body corporate may sue or be sued. I suggest that in that respect it is out of line with the policy we have heard enunciated in recent days. Of course we are not dealing with companies which may be set up by the board; but when the board itself is a body corporate, one would think the same principle ought to be adhered to.

In bill 155, respecting the operation of government companies, there is provision in section 7 under which every company may sue and be sued in respect of any right acquired or obligation incurred by it, as agent of His Majesty. It is true that the atomic energy control board is not to be a joint stock company; it is to be a body corporate, and it would seem only reasonable and logical that the same principle should be applied, that it may sue or be sued.

Mr. HOWE: My hon. friend will appreciate the fact that we are not organizing a business; we are organizing a corporation to deal with atomic energy. It is intended that that corporation shall have the same immunities as the crown in acting for the crown in connection with that subject. I have suggested to the house on several occasions that if the board intends to do business, for instance if it intends to run Chalk River as a business institution, a company will be set up under the Companies Act which would not enjoy these immunities. This is simply to give the board a corporate identity with immunities similar to those enjoyed by the crown.

Mr. FLEMING: I do not think the situation is completely covered by the minister's answer. It may be intended at the moment that the actual transacting of business in respect to the devolopment of atomic energy shall be carried on by companies to be set up under a later section. Under section 3 certain powers are being conferred upon this board, which is to be a body corporate. Situations may arise which we cannot foresee at the moment, where the board would have dealings with individuals out of which contractual rights would arise. Section 3 provides that the board may contract in the name of His Majesty and that property acquired by the board shall be the property of His Majesty, but a situation might conceivably arise in which persons would acquire contractual rights against the board, and it would be a hardship to compel such persons to apply for a petition of right to sue the corporation. If we recognize the principle that business is to be carried on through a corporation, we should recognize the principle that such corporations should be able to sue and be subject to being sued.

Mr. MACDONNELL (Muskoka-Ontario): I should like to supplement the questions put by the hon. member for Eglinton by referring the minister to section 8, subsection (h), which seems to contemplate the actual carrying on of business and which would seem to be in line with what the hon. member for Eglinton has said about the impropriety of there being immunity.

Mr. HOWE: Section 3 indicates that the atomic energy control board can act only as the agent of His Majesty, and that the powers exercised by it shall be exercised only as an agent of His Majesty.

Mr. MACDONNELL (Muskoka-Ontario): Is not that true of all crown companies?

Mr. HOWE: Oh, no.

Mr. GREEN: Oh, yes.

Mr. HOWE: They are not restricted.

Mr. GREEN: That is provided in the bill we passed the other day.

Mr. FLEMING: I would refer the minister to section 7 of the bill we passed the other day respecting the operation of government companies. It reads:

7. (1) Every company is for all its purposes an agent of His Majesty and its powers may be exercised only as an agent of His Majesty.

(2) Every company may on behalf of His Majesty contract in its corporate name without specific reference to His Majesty.

The minister's answer may have reference to the second subsection, but the first subsection makes it quite clear that every one of the companies set up under that bill, or under the research council act, shall act as agents of His Majesty.

Mr. HOWE: A corporation set up under the Companies Act contracts in its own name, whereas this board will be able to contract only as an agent of His Majesty. In other words, if it buys land, it will buy it in the name of His Majesty, and the land will be registered in the name of His Majesty. There would seem to be no purpose and every reason against putting in a provision that this board may sue or be sued.

Mr. MACDONNELL (Muskoka-Ontario): Would it not be a corollary that there is nothing in this act which does apply to the carrying on of business or which empowers the board to carry on business in the ordinary course of events?

Mr. HOWE: Under section 9 the board is to make regulations for developing, controlling, supervising and licensing the production, application and use of atomic energy. It has power to regulate those matters, but those are not matters of business. They are matters for the crown, and in carrying out its duties the board will be acting only as the crown. Would it not be better to discuss these matters under the proper sections? It is hard to jump back and forth.

Mr. GREEN: Section 3 is the one that provides for setting up the board. It seems to me that some consideration should be given to having an advisory committee, such as I referred to the other day when we were discussing the bill on second reading. When the minister closed the debate on the second reading he did not deal with the advisory board that is to be set up in the United States. They are to have an honorary board of nine members, presumably scientists or manufacturers, which will check the activities of the atomic energy control commission. Could not something of that type be set up here? The other night the minister told us that perhaps in time it would be well to have a committee of the house check the activities of our atomic energy control board, but how about an advisory board made up of civilians?

Mr. HOWE: It will be remembered that the atomic energy control commission in the United States will take over more than two billion dollars' worth of property. They are to take over a going concern which is spread over a great deal of territory. The position here is quite different. We are setting up our board at the inception of the development, and there would seem to be no purpose in having an advisory committee. It will be difficult enough to get five men who can make any real contribution at this time, and I would not know where we could get nine more. While consideration has been given to the matter, the decision has been taken that at the present time, rather than having an advisory committee, the board will report to a cabinet committee.

Mr. GREEN: Is it not a fact that the advisory board in the United States is to be appointed because such tremendous powers are being given to the atomic energy control commission? Those powers may be so far-reaching that no one can tell just exactly how broad they will be, and that is why the advisory board is to be appointed.

Mr. HOWE: The advisory board in the United States is not in position to regulate the authority of the commission. It simply advises on scientific and atomic matters.

Mr. GREEN: I know the atomic energy control commission is supreme at all times, but I understand that the advisory board is to act as a check.

Mr. HOWE: Not as a check—simply to advise it on scientific matters; that is all.

Mr. GREEN: What about the United States plan of having a military liaison committee? We have no provision for a committe of that type in Canada. It does seem that there would be some benefit in having our Department of National Defence tied up in some way with the atomic energy control board, particularly in view of the fact that uranium is found in Canada.

Mr. HOWE: I think it would hardly be wise to try to duplicate in Canada the machinery in the United States. Their organization is quite different. For example, the members of the cabinet in the United States are not responsible to congress. They are not even members of congress; therefore the tie-up is quite different. My hon. friend will appreciate that the link between the army and the board is through the minister who is a member of the committee on scientific and industrial research. As a matter of fact one of the highest ranking army officers in this country, one of our only two full generals, will probably be a member of the board, if only for the reason that he is Canada's representative on the atomic energy commission. Therefore there is no trouble about a link with the army. It must be remembered that from the start and up to the present the

development in the United States has been carried on by the army, and carried on for the purpose of developing military weapons. That situation in the United States does not obtain in Canada.

Mr. GREEN: There will be—

Mr. BLACKMORE: Mr. Chairman, would the minister take a seat further down the aisle so that we can hear him? Where he is now it is becoming a hole-in-the-corner discussion, and this sort of thing goes on until it becomes unbearable.

Mr. HOWE: I shall be glad to do that. I apologize to my hon. friend, but the other seat was occupied when I attempted to move.

Mr. BLACKMORE: I thank the minister. We are deeply interested in this subject, and we simply cannot hear these Conservatives when they start whispering.

Mr. GREEN: Then there is no direct connection between the Department of National Defence and the atomic energy control board?

Mr. HOWE: There is the same connection between the Department of National Defence and the board as there is between the Department of Finance and the board or between the Department of Reconstruction and the board or the Department of Agriculture and the board. The Minister of National Defence is a member of the committee to whom the board reports.

Mr. GREEN: I suggest to the minister that consideration be given to having a closer tie-up with the Department of National Defence.

Mr. HOWE: We have one of Canada's two full generals as a member of the board, and reporting to a committee one member of which is the Minister of National Defence. What closer tie could we have?

Mr. GREEN: After all this may be a matter of life and death to the Canadian people.

Mr. HOWE: Quite.

Mr. GREEN: And the uranium is in Canada. I am suggesting that there is some merit in having a military committee in liaison with the atomic energy control board. But under the proposed set-up there is no direct connection between the Department of National Defence and the board.

Mr. HOWE: The United States Act provides:

There shall be a military liaison committee consisting of representatives of the departments of war and navy, detailed or assigned thereto, without compensation, by the secretaries of war and navy in such number as they may determine.

[Mr. Howe.]

In Canada we have the secretary of war—the Minister of National Defence—a member of the committee to which the board reports. Surely he can assign to the board through that committee any person he wishes.

Mr. GREEN: The minister has told only half the story. In the United States the secretary of war and the secretary of the navy, if they do not approve a decision made by the atomic energy control board. can go direct to the president and complain about the action of the board, and in that case, as I understand it, the decision of the president is final.

Mr. HOWE: May I point out that the reason they must go to the president is that they cannot go to parliament. I am not sure that going to the president means any more than going to the prime minister here.

Mr. MACDONNELL: Does not that mean anything?

Mr. HOWE: Certainly. But in the United States it is the last resource remaining to the members of the cabinet.

Mr. MACDONNELL (Muskoka-Ontario): May I say this, following up what has been said by the hon. member for Vancouver South. The minister says that as things are now the board reports to a committee on which the Minister of National Defence sits. I presume by that he means the cabinet.

Mr. HOWE: No; the committee of the privy council on scientific and industrial research.

Mr. MACDONNELL (Muskoka-Ontario): Is it not one thing to have a department of national defence with a definite responsibility for decisions taken and on the other hand only a vague or partial responsibility? Nobody wants the civil power to be omnipotent more than I do. But surely to have military people with definite responsibility as the developments go along is very different from their being only vaguely concerned with those developments.

Mr. HOWE: My hon. friend will appreciate that the military are responsible for the defence of Canada at all times. It is proposed to appoint in the person of General McNaughton a man who was chairman of the joint defence board of the United States and Canada and Canada's representative on the atomic energy commission of the united nations, one of Canada's only two full generals. Surely he would not close his eyes entirely to defence matters associated with atomic energy.

Mr. GREEN: It is admitted that there is need for the greatest secrecy with regard to some aspects of atomic energy. Is that not primarily the concern of the Department of National Defence? Are not they the ones who should decide whether certain information should be given out? Surely they are at least partly concerned with the decision as to what must be kept secret and what need not be. Is not the whole need for secrecy based on defence?

Mr. HOWE: Perhaps it is based on defence, but the decisions are not taken on the military level. The united nations commission on atomic energy is not a military body.

Mr. GREEN: Why is there need for secrecy at all if it is not for defence purposes?

Mr. HOWE: Perhaps it is for defence purposes, but all defence decisions need not necessarily be taken by military men. If my hon. friend will read the debates in the United States congress he will see that at first the May bill provided for military control, but they finally adopted the McMahon bill, which provided for civilian control.

Mr. GREEN: There is a big difference between military control and having a member of the military sitting on the committee.

Mr. HOWE: Does my hon. friend suggest that there is a better defence authority than the man I have mentioned as Canada's probable member on the commission?

Mr. GREEN: I do not think the minister should get down to personalities.

Mr. HOWE: I am not. I am getting down to rank, the rank of a full general.

Mr. GREEN: The rank does not always make the best man for certain purposes.

Mr. HOWE: I give up.

Mr. GREEN: General McNaughton may not be there all the time. The question is whether there should be any closer tie-up with the Department of National Defence.

Mr. HOWE: The government will take the responsibility for the membership of the commission, and I think it can be left to the government.

Mr. KNOWLES: The dispatch to which the member for Vancouver South referred—a number of us have read it, but the minister did not have time to read it—gives new information with respect to atomic energy not only in the field of armaments but also in a good many other fields affecting humankind. One of the items in particular had to do with what it was now believed atomic energy might mean in the medical field, covering the entire question of health. We are so definitely on the fringe of the whole question that it would be a mistake to set up the kind of board or relationship that would imply that our only interest, or our main interest, was in the field of defence. If it is to be a boon to humankind it will not give all its benefits if it is to be regarded as a means to more efficient methods of warfare. It will have to be used in all these other fields. If I were going to make a case for any special relationship on the part of a particular department of government, I would prefer that it be with the Department of National Health and Welfare or some other department which is equally important from this point of view. I am not asking for that. What I am saying is by way of antidote to the remarks of the member for Vancouver South, and I am suggesting that it is far better to have the general all-inclusive kind of relationship which the minister is proposing. If a committee of the cabinet includes all the ministers whom the minister has mentioned—I listened closely to the list, and it embraced about all those who are involved in the matter—and if the board is similarly wide in its interests, then I suggest that this approach is the best one to make at the present time. It may be that later we shall have to weight it in the direction my hon. friend suggests, though I hope we shall find it better to weight it in the direction of other matters that are in the interests of the human race. In the meantime this general all-inclusive set-up which the minister proposes in the bill is a good one, and for my part is quite satisfactory.

Mr. SKEY: Speaking of property in clause 3, and coupling that with defence, I would ask the minister if the government is making full plans to ensure the defence of Canadian mines, the atomic energy plant at Chalk River and other atomic projects.

Mr. HOWE: Yes; that is taken care of.

Mr. SKEY: And adequate security measures?

Mr. HOWE: Yes.

Mr. SKEY: The commanding general of the army ground forces of the United States is reported in to-day's press as having predicted that the peace of the world depends upon the ability of the United States forces to move in and destroy the atomic energy plants and installations of any aggressor country in the near future. He says they will drop their ground forces; therefore we should

make sure that our own plants are adequately protected against a similar form of attack from beyond this continent.

Mr. FLEMING: Will the minister say something about the extent of the knowledge that is possessed or will be confided to the members of the atomic energy control board and the members of the cabinet committee who will be receiving reports from the board? In the fall session of this parliament the Minister of Reconstruction and Supply said, if I recall his words correctly, that he was the only person in Canada who knew the secret of the atomic bomb or atomic energy—one or the other. I take it that secret has been imparted to others within the limited official circle, or will be imparted to those who are to compose the board and the cabinet committee who will be reviewing reports from the board. Otherwise, on the one hand reports of the board will be of little value, and the review by members of the cabinet, on the other hand, will be valueless unless they share the secret knowledge which the minister said then that he possessed.

Mr. HOWE: I think my hon. friend has gone rather far afield. If I made any statement it was that I was the only man in Canada, except for the Prime Minister, who knew that a bomb was in the making or that a bomb was to be dropped. I am sure my hon. friend did not know it, and I do not think he will find anyone who did. It is a very well kept secret.

Mr. GRAYDON: Did the cabinet not know that?

Mr. HOWE. No.

Mr. FLEMING: How much knowledge is possessed or will be possessed by the members of the board? Will they have all the information in relation to atomic energy and the development of it? I take it these men will be appointed on the basis of their ability to sift out the knowledge thus far developed and apply it to continuing and increased uses. Will that be their particular function?

Mr. HOWE: The board will have all the information there is. It will be in charge of the project, and will decide how much information other men may have; but I can see no possible way of limiting the amount of information they will have, or any reason for limiting it.

Mr. FLEMING: How many people within the official circle will have that information? To how many will it extend?

[Mr. Skey.]

Mr. HOWE: I cannot imagine what information my hon. friend has in mind. People have all the information they need to do their jobs. That is about the status of the matter to-day.

Mr. FLEMING: By information I mean all the information available in Canada as to the secret of the development of atomic energy, and such knowledge as may exist as to its potential use for other purposes in the future: in other words, that part of the information which is secret, because very few of us know anything about it. I refer to the kind of information which the minister referred to several days ago as information which he felt should not be made available to the public or to a parliamentary committee. What I want to know is, how many people will be possesed of this secret information. Will it be confined to the cabinet and members of the board as well as a few top ranking scientists working under the direction of the board? How far will it extend?

Mr. HOWE: I cannot imagine what information my hon. friend has in mind. Without such information as I have indicated, a vacuum would be created for lack of knowledge. The position to-day is that if a man has a job to do, he has all the information he needs to do that job. There are people, I presume, who have comprehensive information regarding the whole field, but I am sure I am not one of them. I am not one of those who can answer all question about atomic energy. There are people who know certain phases of atomic energy, and that will always be so. If a man could absorb everybody's knowledge in every field he would be the wisest man on atomic energy. I cannot think of any question my hon. friend could ask that I could not answer; nevertheless I would not want to be cross-examined by people who were posted by scientific men who were in need of more particularized information.

Mr. FLEMING: I do not think the minister has completely answered my question. There is certain information, perhaps a good deal of it, in relation to the development of atomic energy which is not public property. A good deal of it is highly secret, so secret that the minister the other day intimated he did not think it was wise that a parliamentary committee should be set up to review what might be a proper form of control of atomic energy, lest much of that information might leak out. My question is a simple one. How many people are going to be possessed of this secret essential information under the pro-

posals contained in this bill? Obviously the members of the board must have it. I should think the members of the cabinet would need to have it. Certainly the members of the committee who will be reviewing reports from the atomic energy control board must have it. How many others must have the information which the minister does not think should be possessed even by a select committee of the house?

Mr. HOWE: The science of atomic energy is there for all to read. As I said, it has been published in the Smyth report. The processes by which atomic energy is created are secret processes. I do not think this committee would be particularly interested in how the thing is done; they are interested in results.

Mr. KNOWLES: Or lack of results.

Mr. HOWE: Or lack of results. I suppose the people who built the pile know how it was built, and they probably know how it works. They may or may not know the whole story. A great many people know certain phases of this work; very few people know the entire chain, and there is no disposition on anybody's part to widen the circle of those who do know the whole chain.

Mr. COLDWELL: Is it not a fact that there is confusion—

The CHAIRMAN: Order. The hon. member for Eglinton has not quite finished.

Mr. COLDWELL: I have no objection to giving way, but I notice that others do not give way when I rise occasionally to follow up questions that I have in mind.

The CHAIRMAN: The hon. member for Eglinton was asking a question. If he feels that he has not received his answer, he should be allowed to continue.

Mr. COLDWELL: I think he has received his answer.

Mr. FLEMING: I thank the hon. member for Rosetown-Biggar for giving way. I wish to get this point cleared up; his point may be a different one. If I understood the minister's answer correctly, the members of the atomic energy control board are not necessarily to be possessed of the secret of the processes by which atomic energy is being developed. If there is to be that limitation on the knowledge of the members of this board, how useful is their work to be? It may be that the committee has taken an exaggerated view of the function of the board under the bill. Most of us understood that this board was to be a body possessed of all the information in this field, and was to give direction to development. If we have to take a narrower view of the functions of the board, in the light of the suggestion in the minister's last answer that they are not necessarily to have all the information about the processes by which atomic energy is to be developed, then we should have further elucidation from the minister as to exactly what powers the board is to have.

Mr. HOWE: Perhaps I can give an analogy. No doubt my hon. friend drives an automobile.

Mr. FLEMING: It is pretty nearly done for now; I need a new one.

Mr. HOWE: It is something that he does. Does he know how it works? I doubt whether he can take it apart and put it together again.

Mr. FLEMING: No.

Mr. HOWE: There is nothing to prevent him from learning all that if he cares to do so; therefore the amount of knowledge he has of the automobile is just what he chooses to learn. It is exactly the same with this atomic energy commission. The atomic energy commission can direct the work of atomic energy just as my hon. friend can drive a car. If they want to delve into the construction of the pile, learn how to make a pile, no doubt that would be possible, though it might be a lifetime job. The amount of knowledge they will have is just the amount that they think it is necessary for them to take the time to acquire.

Mr. FLEMING: But that information would be available to them?

Mr. HOWE: Certainly; they will be the people who will own the atomic energy plant.

Mr. COLDWELL: Are we not rather confusing the matter of secrecy with the secrecy about the bomb, and secrecy as to the basis of atomic energy? It seems to me that they are two different things. It is pretty well known that a first-class scientist—and there are not many of them—in each country knows what is the basis of atomic energy. The council that we are setting up might conceivably consist of people who have not the scientific knowledge to understand the whole process. Once before I referred to a conference which I attended in December, at which there were many of these first-class scientists. They told us that there were not three hundred first-class scientists in the United States who were qualified to follow through the whole process of atomic energy. If there are not three hundred in the United States, there would be fewer than three hundred in this country, by a long way.

Mr. HOWE: Not thirty.

Mr. COLDWELL: There is all this talk about secrecy, but you cannot keep secrets from scientists. As a matter of fact it would be wrong to prevent scientists from exchanging scientific information, because to that extent you would retard the development of science all over the world. Therefore when we talk about secrecy, I think that probably scientists could come before a parliamentary committee and tell us all there was to know about atomic energy.

Mr. HOWE: About the science.

Mr. COLDWELL: And when we were all through with the examination probably most of us would be as wise as we were before—

Mr. GRAYDON: It would not be the scientists' fault.

Mr. HOWE: And quieter.

Mr. COLDWELL: I quite agree that this is a matter that has to be left to this commission, the best qualified commission we can get. Unless he devoted a great deal of time to it, I doubt very much whether the minister himself, an outstanding engineer, would be able to follow all the steps leading up to the production of atomic energy.

Mr. CASE: How does the commission propose to control the production of uranium? There is a company operating now under the name of International Uranium. They are offering their stock for sale to the Canadian public, contending that they are the only private company in the world producing uranium. If they are producing uranium they must find some place to dispose of it. Will they dispose of their product to this government agency, or will there be a free market eventually in which this uranium can be disposed of? If there is a free market, then there would be competition in the development of atomic energy. Competition itself might not be too bad, but the fact remains that unless we can control this substance—and I hope we shall be able to do it through the agency being set up by the government and by research, so that atomic energy will reveal itself as a great instrument for peace and for the welfare and general well-being of mankind—there will be difficulties. There are agencies in the world which are seeking out this latent power to be developed solely for destructive purposes. We have uranium deposits in Canada, and they are largely concentrated in the northwest territories. There is a private concern known as International Uranium which is going to seek to develop and produce uranium and to offer it for sale on the markets of the world, if I may use that term. If they cannot do that, where will they dispose of their product? How will this proposed commission control the production of uranium?

Mr. HOWE: No uranium has ever been produced in Canada except by the Eldorado Mining and Refining company, which is owned by the government. There will never be a free market for uranium in this or any other country. If uranium is produced, the government will take steps to acquire and control the product.

Mr. BLACKMORE: I hardly know how to ask the minister exactly what I have in mind, but the members of this committee ought to have some means of learning, confidentially if need be, one or two important matters. The first has to do with the possession by Canada of the actual knowledge of processes requisite to the creation of atomic bombs. We ought to know whether or not there are in Canada and available to this board men who have knowledge of all the processes involved. Then we ought to know whether we have in Canada the necessary equipment to manufacture bombs. When the news first came out I gathered that the United States had been entrusted with full responsibility, first of all for the knowledge of how to make the bomb, and secondly for the equipment with which to manufacture it. Now I see this difficulty: Suppose we should get into another war under conditions similar to those which obtained in the beginning of the last war, when we were involved as a commonwealth with a prodigious enemy and the United States were not yet in the war. Would this mean that we as a British commonwealth would not have access to atomic bombs which we could use in case of need, until we could get the United States into the war?

Mr. HOWE: No one in Canada to-day knows how the United States make their bombs. No one has asked for the information. I am sure if they did ask for it, the information would not be given unless it was thought Canada needed the information, which I do not think it does at the moment. I have no doubt that having the explosive material which we make in Canada, our ordnance people could make a bomb of their own. I doubt very much whether they will do so, but that will be a matter for the military forces. I do not think it is particularly difficult to make a bomb, and I do not think it is necessary for us to have knowledge of how the United States make their bomb in order to do so.

Mr. ZAPLITNY: An interesting thought occurred to me when the minister said we have in this country the explosive material

from which the bomb could be made. Apparently it is being produced now. Can the minister tell us what is being done with it, how it is being disposed of?

Mr. HOWE: It builds on itself. It is being used to build more. There is no disposable plutonium at the moment.

Mr. ZAPLITNY: It is being accumulated?

Mr. HOWE: Yes, and we are building up the chain reaction. It will be used for experimental purposes, for medical purposes. For instance, there would be no objection to distributing some of the by-products of plutonium for use in medical laboratories for experimental purposes. I take it from what has been said here to-day the article referred to the fact that the Americans are beginning to distribute the by-product material for medical use. We shall do the same.

Mr. SKEY: Has the minister considered the appointment of the Minister of National Defence for Air to his board?

Mr. HOWE: No.

Mr. SKEY: It seems to me that the air side of the use of atomic energy for military purposes is just as important as the ground side, and I believe the government should give consideration to this appointment.

Mr. HOWE: The suggestion was made that the Minister of Reconstruction and Supply should be a member of the board, and there would be objections to that. The same objections would apply to any minister of the crown.

Mr. SKEY: I am referring to the committee.

Mr. HOWE: The cabinet committee on scientific research?

Mr. SKEY: Yes.

Mr. HOWE: That would be a matter for the cabinet to discuss. I dare say if the minister for air thought he should be on the committee it would not be difficult to arrange the appointment. It is not one of the prize appointments of the government.

Mr. HAZEN: Will the board to be set up under this act assist and foster private research and development in respect to atomic energy, or will it discourage private research and development and limit it to the board itself and its subsidiaries?

Mr. HOWE: I would refer my hon. friend to section 9(a):

(1) With the approval of the governor in council the board may make regulations,—

(a) for encouraging and facilitating research and investigations with respect to atomic energy.

Mr. GREEN: But what is to be the policy? Is it to promote private research?

Mr. HOWE: It says so. That is the mandate to the board.

Mr. GREEN: That is only the power to make regulations. Can the minister tell us whether governmental policy is to give private research every encouragement?

Mr. HOWE: Oh, yes; certainly.

Mr. STEWART (Winnipeg North): I should like to know if any requests have come to the government for these by-products for medical purposes.

Mr. HOWE: I know medical science is looking forward eagerly to the day when these by-products will be available. I could not say whether definite applications have come in, but certainly we know where to put the by-products when they are available, which will be in a few months in the future.

Mr. STEWART (Winnipeg North): May I take it, then, that hospitals, colleges and so on will have priority?

Mr. HOWE: Oh, yes.

Mr. CASE: Is there a fixed price for the product? The minister says the market will be restricted, that the commission will buy the uranium which is available. Will the International Uranium company, which is listing its stock and producing this material, sell to this agency at a fixed price? Is that price fixed the same as the price for gold is fixed, or how do you measure its value?

Mr. HOWE: I know something about the sale of stock of International Uranium, but I do not know anything about the sale of uranium by the company. Eldorado sells its uranium based on the cost of production, and I presume the largest seller would fix the market for anyone else.

Mr. COLDWELL: Is there to be a free sale of uranium in Canada?

Mr. HOWE: No. I said there would never be a free market.

Mr. BLACKMORE: It must be obvious to everyone that if Canada does not possess the knowledge necessary to manufacture bombs; if she does not possess the mechanical equipment with which to manufacture bombs, then in effect Canada is practically subservient to the United States.

Mr. HOWE: Oh, no.

Mr. BLACKMORE: I hope not, but I am interested in this question. Already during this session a number of hon. members have

been exercised over changing the name of Dominion day to Canada day so that we can be more independent of Britain. We are supposed to do several other things in order to assert our sovereignty, but no one seems to be at all concerned about taking precautions to see that we do not lose our sovereignty to another power. Certainly we can lose our sovereignty completely if we have the United States right alongside of us possessing the knowledge and mechanical equipment to manufacture bombs and, as the minister said, in a position to use her discretion as to whether or not she will let us have the knowledge. If she thinks we ought to have it, she will let us have it. Surely that is a grotesque situation.

Mr. HOWE: If I may interrupt my hon. friend, Canada is perhaps the only country in the world that is not that position *vis à vis* the United States. I said we had sufficient skill in this country to design and produce a bomb if we wished to; we do not need to go to the United States for that information. I did not indicate that we intended to do so, but I said our ordnance people certainly could produce a bomb that would use the material we make in this country. We have made it a point not to ask the United States for any information we do not need. We never ask for things that are likely to be refused, and I could not think of any good reason at all for asking the United States to tell us how to make the bomb. I think they would say, "Go and do what we did; find out for yourselves."

Mr. BLACKMORE: I feel reassured. There are some people who do a great deal of talking and worrying about non-essentials, but who completely ignore things which are fundamentally essential. I have been accused in the house of being an imperialist—which is complete nonsense. I want to see Canada great and free in every respect. My reason for concern in this matter arises partly from the fact that we are entering a time of great danger; surely everyone realizes that. As a member of the house I feel it my duty to probe into the general situation sufficiently to find whether we are still a sovereign nation.

Section agreed to.

On section 4—Composition and appointment of board.

Mr. MACDONNELL (Muskoka-Ontorio): What are the proposed salaries?

Mr. HOWE: I cannot say. Salaries will be fixed by the governor in council, and I presume they will be on the scale required to obtain the type of men needed. For example, the chairman of the national research council is ex officio a member. He would receive only one salary, his present one. I presume that others might be in a position where they would require no salary. But if a person considered desirable required a salary, I am sure the governor in council would fix one sufficient to attract him to the job.

Mr. GREEN: Is the minister in a position to say at this time whether the board will be operative, or merely advisory?

Mr. HOWE: No.

Mr. McIVOR: We can rest assured the salaries paid will not be much higher than those paid in the United States. I see in the United States act the general manager appointed by the president is to receive $15,000. I was surprised the amount was not larger. The director in the research division is to receive $14,000, or less than our cabinet ministers.

Section agreed to.

Sections 5 and 6 agreed to.

On section 7—Duties of the board.

Mr. GREEN: Would the minister explain this section?

Mr. HOWE: It says:

> The board shall comply with any general or special direction given by the committee with reference to the carrying out of its purposes.

I should think that is sufficiently clear. Then it continues:

> —and shall advise the committee on all matters relating to atomic energy which, in the opinion of the board, may affect the public interest.

It has the responsibility for advising with respect to atomic energy in all matters which may affect the public interest.

Mr. GREEN: When the resolution was under discussion on June 3 the minister said, as reported at page 212 of *Hansard:*

> The bill provides that the board will operate by directives.

I presume he was referring to section 7 when he said that.

Mr. HOWE: Yes.

Mr. GREEN: And he continued:

> —that all directives will be published and tabled in parliament by the chairman of the committee of the privy council to which my hon. friend referred.

Mr. HOWE: The hon. member is discussing section 9. He will find provision for that when we reach that section.

Mr. GREEN: Section 9 deals only with the regulations passed by the board. Section 7 deals with directives given by a committee of the cabinet to the board. The minister said on June 3 that those directives would be tabled in the house.

Mr. HOWE: No; the directives of the board.

Mr. GREEN: Then he went on to say:

As set out in the bill, it will be the duty of the chairman of the privy council committee to bring to the attention of parliament any regulations or orders issued by the board and to give parliament any information acquired by the board that it would be in the public interest to publicize.

Mr. HOWE: That is correct.

Mr. GREEN: Is it the intention that the directives given by the cabinet committee to the board shall be laid on the table of the house?

Mr. HOWE: No.

Mr. GREEN: The provision is merely for the regulations and orders issued by the board itself.

Mr. HOWE: That is right.

Mr. GREEN: They are to be laid on the table of the house?

Mr. HOWE: Yes.

Mr. GREEN: Is there any provision under which parliament can override or reverse any of these regulations or orders? It will be recalled that last year when we passed the National Emergency Transitional Powers Act a provision of the type I have indicated was inserted, under which parliament has power to override an order.

Mr. HOWE: That is a negative resolution.

Mr. GREEN: That is the way it is described in the United Kingdom, but I have never heard it described as such in Canada. Would it not be well to have some such provision inserted in this bill?

Mr. HOWE: Parliament is being asked to pass the bill. If it desires, parliament can repeal the act. I cannot think that the regulations of the board would be such that they would require the action indicated. My hon. friend has referred to the National Emergency Transitional Powers Act. That is the only act ever passed by this parliament which required a negative resolution. If such negative resolution were included in this measure, then I cannot think of any measure which would not require it.

Mr. GREEN: There is only one purpose for a provision of that kind, and that is to give parliament more control over the actions of a board. The board indicated here is given very wide powers. It may be almost completely out of the control of parliament, and I suggest we should consider the suggestion of giving power to parliament to override regulations or orders issued by the board. For example, it may make a drastic order respecting the use of property. Would it not be well to give parliament the right to override an order or regulation passed by the board and laid on the table of the house?

Mr. HOWE: I think there is a distinction between this and that done in respect of the National Emergency Transitional Powers Act. In that instance the governor in council was given permission to legislate. This board has no such power; it operates under the direction of a minister. It has not as much power as certain boards I could mention. For instance, it is not as independent as the Canadian Broadcasting Corporation, which is not a board under a minister.

Mr. GREEN: It might be a good idea to have some control over the broadcasting corporation, too.

Mr. HOWE: My own view is that it is unwise to set up boards which are not under ministers. Nevertheless, parliament has done so frequently. This board is under a minister. That minister is responsible to parliament. He holds a seat in and is a member of parliament. I suggest the situation is quite different from that which obtains in connection with the National Emergency Transitional Powers Act.

Mr. GREEN: In Great Britain that power has been given, namely that parliament can override a regulation passed by the minister.

Mr. HOWE: I know.

Mr. GREEN: The other point I would mention is that the bill says the board shall advise the committee on all matters relating to atomic energy which, in the opinion of the board, may affect the public interest. Should that not be "in the opinion of the committee"?

Mr. HOWE: The committee might not know about it.

Mr. GREEN: Should not the board report everything to the committee?

Mr. HOWE: What is "everything"? The committee can ask the board for any information it likes, anything it wishes to have. That is one privilege. The other obligation on the board is to inform the committee of every-

thing coming before them which may affect the public interest. I do not think the hon. member would suggest they should tell everything; that would be a heavy responsibility to place on any man.

Mr. GREEN: Would it not be wiser to leave out the words "in the opinion of the board", so that the section would read:

—shall advise the committee on all matters relating to atomic energy which may affect the public interest.

Mr. HOWE: How could the board be sure? That would be putting upon the board an obligation which the board might be reluctant to accept, to tell everything that in the opinion of the board would affect the public interest. The board might think a certain thing did not affect the public interest and then find later that it did. I do not see how one could place an obligation of that kind upon the board.

Mr. COLDWELL: It would have to exercise its opinion anyway.

Mr. MACDONNELL (Muskoka-Ontario): The wording of section 7, coupled with what the minister said a moment or two ago in answer to a question, raises a question in my mind which may have some substance. Is it the board or the committee that would exercise initiative? Does the board go ahead subject to questioning by the committee, subject to suggestions by the committee and complying with any general or special directions by the committee? In the answer given by the minister I got the impression, perhaps wrongly, that the board sat back and waited for the committee to direct it to do things. If I am wrong, then I suggest that the wording of section 7 does not seem to be apt. This may not be a substantial point, but it seems to me that the way the board is instructed is a substantial point.

Mr. HOWE: I have said on one or two occasions that the position of this board is analogus to the position of the national research council. The national research council is the driving power. The committee of the cabinet does not tell the national research council what kind of activity it shall carry on. That is bound to be the case with a board that is spending its full time on a certain problem as against those people who are spending only a small fraction of their time on it.

Mr. COLDWELL: Does not section 8 answer that question? It says that the board may undertake. Is that not a partial answer to the question?

Mr. HOWE: I think so.

[Mr. Howe.]

Mr. STIRLING: Several times the minister has referred to the fact that the board is under the minister. The bill does not describe the minister. True, it relates to the chairman, who must be the minister, but does that mean that the board in a sense will be under the direction of the minister who at the time being is the chairman of the board?

Mr. HOWE: That is right.

Mr. HERRIDGE: The commission set up under the security council for the control of atomic energy is sitting in New York. The press to-day reports that the commission is considering the following specific proposals: First, extending to all countries the exchange of basic scientific information for peaceful work; second, the control of atomic energy to an extent necessary to ensure its use only for peaceful means; third, the elimination of atomic weapons and other major weapons which could be used for mass destruction and, fourth, effective safeguards by way of inspection and other means. I should like to ask the minister from whom our representative on that commission would get his instructions. Would he receive them from the board, from the committee or from some other body? What would be the chain of responsibility between our representative on the commission and the government of this country?

Mr. HOWE: The representative is advised by a scientific panel, but he is instructed by the committee of the cabinet. The committee of the cabinet met with our delegate only three or four days ago; written instructions to the delegate were approved by the cabinet and the delegate proceeded with those instructions.

Section agreed to.

On section 8—Powers of the board.

Mr. STEWART (Winnipeg North): Perhaps what I have to say might more properly come under section 12, but in case it does not I am bringing up the matter under this section. I think the committee realizes the dangers involved in working with fissionable material, despite the care that is taken. Two or three weeks ago an accident took place in New Mexico. A young Winnipeg scientist, Doctor Louis Slotin, was working with several other physicists and some fissionable material was released. This young man placed himself between that material and his companions. He went farther than that; he seized it with his own hands and put it out of harm's way. He saved their lives but unfortunately he himself died. He was one of the most brilliant young scientists that Canada has pro-

duced, and now he is lost to us. My question arises out of such a tragedy happening here. Will the board have power to ensure that relatives will not suffer economically through the death of one upon whom they are dependent?

Mr. HOWE: There is no way of compensating for the type of accident my hon. friend has mentioned. That is comparable with an accident that would happen to a workman in a hazardous occupation. For instance, men were killed in our explosives plants during the war, not many fortunately, but their dependents received only the compensation that is provided by law under the workmen's compensation acts. The board will have a retirement fund, but I doubt if any special provisions will be made for accidental death. Accidents occur everywhere, but I do not think our accident rate at Chalk River is likely to be any greater than the rate in other classes of hazardous occupations.

Mr. STEWART (Winnipeg North): Take a young scientist who is married, perhaps with one child. He is killed because of an accident and he may have very slight financial resources. What responsibility will the board or the government take to see that his widow and child do not suffer?

Mr. HOWE: There is no special provision. A young scientist is just as likely to be killed in an industrial accident in a private laboratory as in a public laboratory. A private firm might make certain compassionate allowances and the government has been known to do that as well. I think it is impossible to make provisions which will ensure that the family will not suffer when the breadwinner is killed.

Mr. STEWART (Winnipeg North): Are scientists who have to work closely with this material required to pay an additional premium for life insurance?

Mr. HOWE: I am not sure, but my impression is that it is not regarded by life insurance companies as a hazardous occupation.

Mr. MacNICOL: Are they not covered by the workmen's compensation laws of the provinces?

Mr. HOWE: Yes.

Mr. MacNICOL: Deplorable as the accident would be, their survivors would receive 100 per cent compensation.

Mr. STEWART (Winnipeg North): The pension is just as deplorable.

Mr. MacNICOL: A hundred per cent pension would be comparable with the annual salary of the scientist. I have had a lot to do with compensation matters. In the days when I was in business a machinist would be paid perhaps $6 or $7 a day. In the event of his being killed in the plant his wife would be compensated with an amount equivalent to that.

Mr. STEWART (Winnipeg North): Oh, no.

Mr. MacNICOL: She would get a 100 per cent pension.

Mr. MacINNIS: Not 100 per cent of his wages.

Mr. MacNICOL: She would get a substantial pension and all other expenses would be taken care of. Everyone deplores the death of a workman, especially those who employ him and know his value. The only means we have to-day of taking care of accidents of that kind is the workmen's compensation act.

Mr. FLEMING: I should like to ask a couple of questions with reference to the powers given to the board under section 8 (a) to undertake research. Am I right in understanding that the actual research will be carried on through the instrumentality of the national research council or by a body set up by the board itself? Would the minister indicate if patents have already been issued with reference to any of the processes involved in the production of atomic energy and, if so, whether they are issued in the name of His Majesty or otherwise?

Mr. HOWE: The work is being undertaken both directly by the board and indirectly. At Chalk River there are extensive laboratories which are now operated by the research council but which will probably be operated by the board. In addition, every university in the country is doing certain work in the atomic energy field, some of which is financed by the board in whole or in part.

Mr. FLEMING: My second question was with respect to patents.

Mr. HOWE: I cannot say whether patents have been taken out or not. They will be taken out if patentable discoveries are made.

Mr. FLEMING: Will such patents be taken out in the name of the board or in the name of His Majesty if there are developments in the field of atomic energy? I ask that question in view of what the minister has just said about the work being carried on under the direction of the board instead of the council.

Mr. HOWE: Section 13 provides:

> All discoveries, inventions and improvements in materials, methods, processes, apparatus or machines, made by a member or any number of members of the technical staff of the board or of a company shall be vested in His Majesty.

In other words, they become the property of His Majesty. I am told that certain applications for patents have been made arising out of the work of the Montreal laboratory.

Mr. STEWART (Winnipeg North): Would the minister give a little more information with respect to paragraph (i), which provides that the board may grant:

> . . . scholarships and grants in aid for research and investigations with respect to atomic energy, or for the education or training of persons to qualify them to engage in such research and investigations.

Would the minister inform us what plans he has in mind to implement this provision?

Mr. HOWE: It has been the custom of the research council ever since its inception to offer scholarships in universities for students to pursue certain lines of research. The board would have similar authority to set up scholarships to encourage young science students to pursue certain lines of investigation in the universities.

Mr. STEWART (Winnipeg North): Will that be done soon?

Mr. HOWE: It is being done now.

Mr. COLDWELL: There is the same objection to section 8 that we made to the bill dealing with the control of patents. Section 8 (h) provides that the board may:

> . . . with the approval of the governor in council license or otherwise make available or sell or otherwise dispose of discoveries, inventions and improvements in processes, apparatus or machines, patent rights and letters patent of Canada or foreign countries acquired under this this act and collect royalties and fees thereon and payments therefor.

I realize that the safeguard in that clause is "with the approval of the governor in council". I presume that the public interest would be carefully studied by the governor in council before the sale was made, but it seems to me that at this stage there should be some limitation on the sale. I would quite agree that we might sell to any one of the united nations a patent that had been developed in our own organization, but I do not think it is wise to contemplate the sale of important patents for the exclusive use of an organization within Canada. My view is that we should not sell but license the use of these patents. I am not suggesting for one moment that under circumstances which now exist in relation to industry we should not make available to industry discoveries that are important in our economic life to improve it. What I am suggesting is that any discovery of that sort should be made available to anybody in Canada who would use it in the public interest. We should not sell it to a particular group which might give them in this particular field such an advantage over anybody else as to upset our economy. I realize that the safeguard is "with the approval of the governor in council", but I should like to see the sale limited to other members of the united nations. We advanced that point the other evening in connection with the control of patents, and I think it is even more important in this case. I quite agree that we should license or make available, but we should not sell the exclusive right to a patent within Canada itself. That is the point I am making.

Mr. HOWE: It is always dangerous to set up prohibitions unless they are necessary. In this case the recommendation would come from the board, which itself is charged with the responsibility of safeguarding the public in matters relating to atomic energy. Then the board has to recommend it to the committee, and more than that that it must be recommended by the committee to the full cabinet. So that you have your safeguards there.

Mr. COLDWELL: It depends on the cabinet, of course.

Mr. HOWE: It depends on the board, plus the committee, plus the cabinet.

Mr. COLDWELL: Yes.

Mr. HOWE: My argument is that the safeguards are ample without setting up a prohibition. We have also the fact that over the years no patent has been sold in Canada by the research council.

Mr. GREEN: There are two points I would bring to the attention of the minister. The first is this. What about a patent taken out by a private individual or private firm? I see no power given under this bill to the atomic energy control board to take over such patents. I think there is that power in the United Kingdom bill. In the United States a private firm cannot take out a patent on anything having to do with the development of atomic energy.

My second question has to do with the right to inspect. In the United Kingdom bill, in sections 4 and 5, power is given to obtain information on materials, plant and processes, and power of entry and inspection is also given to the minister of supply. I do not think any such power is contained in this bill. It seems to me it might be helpful to the atomic energy control board to have that power.

Mr. HOWE: Paragraph (c) is very broad. It reads:

The board may,—

(c) with the approval of the governor in council acquire or cause to be acquired by purchase, lease, requisition or expropriation, prescribed substances and any mines, deposits or claims of prescribed substances and any works or property for production or preparation for production of, or for research or investigation with respect to, atomic energy.

Mr. GREEN: That does not deal with patent rights. It refers to works or property. There is no word there covering the taking over of private patent rights.

Mr. HOWE: A patent right is surely property.

Mr. GREEN: No. I submit that the minister's legal advisers have not given him the proper interpretation of that clause. If the intention is to have the power to take over private patents having to do with the development of atomic energy, I suggest that that power be written into the bill specifically. I do not think anyone can contend successfully that these words "works or property for production or preparation for production of, or for research or investigation with respect to, atomic energy" would entitle the board to take over any patent rights.

Mr. HOWE: I think it is far-fetched to believe that there would be private investigation, entirely independent of the board, which would lead to patent rights which the crown would wish to take over. There is sufficient latitude so that a man would have material to work with on his own without restrictions from the board, and he would be quite entitled to keep his patents. I do not think we would want to say at this time that the crown would own every patent relating to atomic energy.

Mr. GREEN: But suppose the board wanted to take over certain patent rights. How could they do it?

Mr. HOWE: I think paragraph (e) of section 9 would cover that: "for the purpose of keeping secret information respecting the production, use and application of, and research and investigation with respect to, atomic energy, as in the opinion of the board, the public interest may require." In other words, they could stop publication of a patent.

Mr. GREEN: That is under the next section, which provides for regulations, and that particular provision deals only with keeping information secret. But that still does not give the board the right to take over patent rights. I am trying to help the minister and I suggest that he give further consideration to having a section added. It certainly is not clear under either of the clauses that he has read that the board will have the power to take over patent rights. The Americans have gone so far as not to allow any person to obtain a patent having to do with the development of atomic energy.

Mr. COLDWELL: Where it is not clear it should be clarified.

Mr. HOWE: My officers advise me that the question of acquiring patents was considered and it was felt that to put a prohibition for all time on the acquisition of patents resulting from research carried on privately would be to discourage that type of research unnecessarily. It is felt that paragraph (e), which provides for secrecy, would be sufficient. Presumably no patents would be issued without the approval of the board in the light of the secrecy provision as long as that was necessary. We all hope that the necessity for secrecy and for the control of patents will have a time limit. We trust that in ten years' time everyone will have all the scope he requires in the field of atomic energy.

Mr. GREEN: I was not suggesting a prohibition. What I am suggesting is that the control board should be given the power to acquire private patents if it wishes to take them over.

Mr. MacNICOL: What is the objection to the hon. member's suggestion?

Mr. HOWE: I do not think there is any objection to it.

Mr. MacNICOL: It would not weaken but would rather strengthen the provision.

Mr. HOWE: I will ask my officers to see where that proviso can best be inserted in the bill. The reason it was not included originally was that it was thought it might discourage private invention which might be entirely independent of the board. There would be no objection to putting it in if it were regarded as desirable.

Mr. GREEN: What about the power to inspect? The minister has said nothing in reply to my question.

Mr. HOWE: That is covered by the broad powers with respect to property as set out in paragraph (c): "Works or property for production or preparation for production of, or for research or investigation with respect to, atomic energy".

Mr. McCULLOUGH (Assiniboia): I would again call the attention of the committee to a section which has already been referred to by the hon. member for Rosetown-Biggar, namely

that, with the approval of the governor in council, the board may license or otherwise make available, "or sell or otherwise dispose of discoveries, inventions, processes, apparatus or machines." I wish to say in the strongest terms possible that I am in disagreement with the words "or sell". This is of such importance, and situations may arise in such a way that if that portion of the clause were left in with the words "or sell", the country might be prejudiced. I suggest that they might very well be left out. I consider that the exclusive right which would be given to any company under the words "or sell" would be too great. Therefore I recommend that those words be struck out, because the other portion of the clause would give power to make available to companies the information which scientists might impart to us. I respectfully submit this to the committee.

Mr. HOWE: That subject has been discussed at some length and we have already pointed out the safeguards. Although the power to sell has always been present in the Research Council Act, no licence has been sold for use in Canada. It is difficult to know what may develop. There may be an exchange of patents with another country. We might sell patent rights to a country and purchase in return certain other patent rights. In my opinion the provision to sell should be retained. It has been put in the bill for a purpose, and the safeguards are adequate to ensure that the power to sell is not misused.

Mr. McCULLOUGH (Assiniboia): I hate to repeat, but once such rights or information were sold to any company, it would be difficult to rescind these privileges. I submit that the people's government should have the right to control such inventions and patent rights, and I insist therefore that the words in clause 8 to which I have referred should be deleted.

Section agreed to.

On section 9—Regulations.

Mr. GRAYDON: It is provided that "with the approval of the governor in council the board may make regulations governing co-operation and the maintenance of contact, through international organizations or otherwise, with scientists in other countries or with other countries, with respect to the production, use, application and control of, and research and investigations with respect to atomic energy." The only question I have to raise there is whether or not it is good policy to give powers to this board to deal with what seems to be governments of other countries. It may be that the minister will not assent to that interpretation of this particular paragraph. But if there are to be dealings with other governments, then this government is the only agency through which this country should deal with other countries on the government level. Would the minister clarify this paragraph for us, because it is not too clear as it stands?

Mr. HOWE: There might be an arrangement between governments covering atomic energy, possibly arising out of the atomic energy commission of the united nations. The bill simply specifies that this body is the body which would issue rules which would carry into effect in Canada such regulations as might be agreed upon with other governments either through the united nations organization or by direct treaty between these governments. I cannot read into the paragraph the implication that this board would deal with boards of other countries. That is not the intention and I think it is not indicated by the wording of the paragraph.

Mr. GRAYDON: In other words, the minister assures us that there will be no interference with the dealing which normally takes place on the government level between the governments or various boards involved.

Mr. HOWE: Yes.

Mr. STIRLING: Most of the subparagraphs indicate that these regulations are made for encouraging and facilitating research and so on, but paragraph (b) refers to developing. Does that mean that the board will proceed to the actual work of developing?

Mr. HOWE: Yes. It gives the board that power to develop.

Mr. KNOWLES: To make regulations.

Mr. HOWE: Developing the use of atomic energy. I think that is a reasonable interpretation. It is to make regulations; that is right. The board may make regulations.

Mr. STIRLING: It does not necessarily envisage the board actually doing the work?

Mr. HOWE: No.

Mr. GRAYDON: May I ask the minister another question arising out of the previous one. As a country we are one of the twelve nations comprising the atomic energy commission in the international field. Some weeks ago an announcement was made that General McNaughton would be Canada's representative on the atomic energy commission. To whom would General McNaughton be responsible? Under what ministry would Gen-

eral McNaughton find his jurisdiction? To what department would his responsibility be attached?

Mr. HOWE: External Affairs.

Mr. GRAYDON: He will report to External Affairs in each instance. Will the board which is now being set up have any direct liaison with the atomic energy commission other than through the Department of External Affairs.

Mr. HOWE: I mentioned here that it is the intention to have Canada's representative on the atomic energy commission a member of the board, but it is the duty of External Affairs to pass on communications of the type which would come from our representative on the atomic energy board, to the interested departments. In other words, if there is any agency of government which requires to be advised of work of that kind, that department would be so advised.

Section agreed to.

On section 10—Board may procure incorporation of companies.

Mr. MacNICOL: Would the minister, if he thinks it desirable to do so, give the committee some idea of the number of companies that he has in mind setting up? The sentence reads: "One or more." If more than one, the number; for that matter, would he tell the committee what companies may be set up?

Mr. HOWE: I have in mind only two possibilities, and they are only possibilities. One is that it might be decided to put Eldorado, which is an existing crown company, under this board, and it might be decided to operate the actual industry at Chalk River as a crown company under the board. I can think of no other possible crown company.

Mr. MacNICOL: There was another question I intended to ask, but it was answered by the previous bill. It had to do with whether or not the government intended to set up these companies under a separate bill, by statute.

Mr. HOWE: It was provided not by statute but by an order in council. The previous bill required an order in council.

Mr. MacNICOL: The minister is going to follow the same procedure in this case?

Mr. HOWE: Yes.

May we revert to section 8, Mr. Chairman? I ask my colleague, the Minister of Public Works, to move that paragraph (*c*) of section 8 be amended by inserting after the word "substances" in line 4 of paragraph (*c*) the words "and patent rights relating to atomic energy."

Mr. FOURNIER (Hull): I so move.

Amendment agreed to.

Mr. STIRLING: With regard to section 10, I want to record once more our strong objection to such power being in the hands of the board with the approval of the governor in council. In the other bill our arguments thereon were presented, and they did not receive the support of the committee; but I should not like this to pass without our objection being again recorded. Our opinion is that if such a crown company is set up it should be set up by a charter which it receives from parliament.

Mr. SKEY: I should like to ask a question on section 10. My question arises out of newspaper reports that the Manhattan project and the atomic energy plant in the United States are about to be unionized, or that the C.I.O. and the A.F. of L. have gone in with the purpose of organizing the employees in these projects. Where in Canada's atomic energy projects do the civil service leave off and the companies, projects or corporations, which can be subject to unionization, commence?

Mr. HOWE: There is nothing to bar any government activity from being unionized if the employees wish to join a union. To-day all crown companies are unionized.

Mr. MacNICOL: As a rule it does not hurt a company to be unionized. In my experience I have found that good unions have done splendid work as far as the operation of companies is concerned. A union properly operated and conducted in harmony with the management of a company can do great good. I have found that such unions set as their objective the keeping of the company in operation, if at all possible, and the workers employed. If they give co-operation to the company their working conditions are bound to be better than they otherwise would be, and their protection more assured. In my experience I have found that good unions have done a great deal along those two lines, keeping plants in operations and providing greater safety and security for those employed therein.

Mr. GRAYDON: I was interested in the minister's statement with respect to employees of government corporations having the right

to unionize. Does that apply to every corporation set up by the government that employs help of various descriptions?

Mr. HOWE: I can think of no exceptions.

Mr. GRAYDON: Perhaps I might ask the minister a question which I have asked on one or two previous occasions, to which I have not obtained a clear answer. The Canadian Broadcasting Corporation, for instance, is a corporation set up by the government. Have its employees the right to unionize, or have they not? At one time they had not; I think the government would not permit them to form a union. I am not informed as to the latest developments, but it would seem strange if the employees of the Canadian Broadcasting Corporation should not have the right to unionize, while the employees of these crown companies were treated in a different way. I should be glad to have that point clarified by the minister.

Mr. HOWE: I suggest that my hon. friend will have to ask a minister who has some knowledge of the situation. I would remind him that the Canadian Broadcasting Corporation is not a board under a minister. It is an autonomous board, reporting to parliament through a minister. I have not been in touch with the affairs of the corporation for many years; therefore I could not answer the question.

Mr. GRAYDON: If the employees of these companies, which as the minister says are perhaps closer to the crown than the Canadian Broadcasting Corporation, have that right, it would seem only natural that employees of the broadcasting company also should have the right to unionize. Perhaps that is the case. For my own part I should like to see them all have that right, and I am wondering if the minister can give us any information along that line.

Mr. HOWE: I have no information.

Mr. GRAYDON: When I asked the question of the appropriate minister his reply was that he had never heard that they had asked for it. That was not exactly the answer I expected, but no doubt it was a convenient one for him.

Mr. HOWE: The officials of the corporation are now before a committee of parliament, and I am sure if the hon. member asks that question in the committee he will get a full explanation from those competent to give it. I really do not know the answer.

[Mr. Graydon.]

Mr. GRAYDON: I appreciate the minister's attitude in the matter. It may be that he has no information, and I appreciate his frankness in admitting it.

Mr. SKEY: When I brought up the question of unions I had in mind the immense benefits that the unionization of Research Enterprises had brought that company. They had a union there which was under the ablest and best of leadership. They achieved cuts in the cost of production, and contributed to improvement in the efficiency of many operations. I also had in mind the thought of secrecy concerning atomic projects, and whether under those conditions the minister will allow his atomic energy projects to be unionized.

Mr. HOWE: I do not think the secrecy would have anything to do with unionization. The secrecy might interfere with the physical means of organizing. I mean we could not permit people to enter the Chalk River project just for the purpose of unionization; but if a union grew up within the organization there would be no objection to it, and I see no breach of the secrecy regulations arising in that connection. The secrecy regulations are paramount. If within those regulations it is the desire of the employees to unionize there would be no objection to it.

Mr. MacINNIS: I think the hon. member has said either too much or too little. Am I to gather from what he has said that workers who are members of a union are less trustworthy than workers who are not?

Mr. SKEY: Not at all, if I may at once correct the hon. member I did not mean to imply that. I meant to imply that the secrecy relating to the project might make it difficult for a union to have contact with the employees.

Mr. MacINNIS: I cannot see how that would enter into it. As long as the employees are allowed to organize there can be no question of that difficulty arising. As I understand the situation, scientific workers are organized in their professional groups, for their own benefit and protection, in the same way that trade unions are organized for the protection of other classes of workers. I think the hon. member has made the point quite clear, and it would not be a good thing for that impression to go out. My understanding at the moment is that an order in council was passed in 1943 making it possible for crown companies to enter into and sign working agreements with trade unions. Whether or not there is an agreement with the Cana-

dian Broadcasting Corporation would not be a matter of prohibition, but it might be because of the attitude of the company. However, I do not know the situation there.

Mr. BLACKMORE: I should like to ask a question or two regarding the directors of the companies which might be set up under the board. Section 10 states:

The board may with the approval of the governor in council:—
(a) procure the incorporation of any one or more companies . . .

Then I notice in the last two lines of paragraph (a):

. . . of section eight of this act as the board may from time to time direct and all the issued shares of the capital stock of each such company shall be owned or held in trust by the board for His Majesty in right of Canada except shares necessary to qualify other persons as directors . . .

I am wondering about those directors. How many directors would be involved in one of these companies, and how many shares would it be necessary for a director to hold in order to qualify as such?

Mr. HOWE: The Companies Act provides that each director of a public company shall own one share of the stock. The ownership of the stock of a crown company is more or less a legal fiction. The share is made out in the name of the director and is endorsed for retransfer by the director and returned to the custody of the crown. It has been the custom to obtain the resignation of a director at the same time his appointment is made. In other words, that is held in trust as well, so that the crown is amply safeguarded as far as the actual ownership of the property is concerned.

Mr. BLACKMORE: It means in effect, then, that all shares will be in possession of the board?

Mr. HOWE: Yes, in effect, though I am told by the Secretary of State that is illegal. Nevertheless it has been the practice in crown companies. The share is actually registered in the name of the director, but the director has already endorsed the certificate for transfer. The certificate is in the possession of His Majesty and can be transferred at the will of His Majesty.

Mr. ZAPLITNY: To come back to this question of unionization, a short time ago the minister said that employees at the Chalk River plant are free to unionize if they wish. Is this privilege extended to all employees working there, or is there a restriction on scientific workers, engineers, or any other types of workers in that project.

Mr. HOWE: I have no knowledge of any restrictions against the unionizing of any group of people in the government service, in any capacity.

Mr. MacNICOL: Perhaps I might add a word here, in reference to the observations made a few minutes ago by the hon. members for Trinity and Vancouver East. I am not criticizing the remarks of either of them, but what they said impels me to refer to the experiences I have had in which the loyalty of workmen has been clear to me. I am sure your experience, Mr. Chairman, has been the same as mine. If companies trust their workmen or officers as they should, they will receive loyalty from those workmen and officers. No class in our community is more loyal; that has been my experience. That loyalty is best shown when secrets are given under their care; and it is well known that many big companies have important secrets, of which their workmen have knowledge. My experience was that workmen were absolutely loyal; in fact I cannot think of one instance of disloyalty. I suggest, therefore, that we need not fear that the secrets of our country will be betrayed by Canadian workmen.

Section agreed to.

On section 11—Pension fund.

Mr. GRAYDON: Are these employees to be hired or employed by the civil service commission, by the governor in council, or partly in one way and partly another.

Mr. HOWE: Entirely by the governor in council.

Mr. GRAYDON: Will the same system be followed as was described by the minister in respect of the crown companies bills, namely that there would be a sort of super civil service?

Mr. HOWE: My hon. friend is putting words into my mouth. I wish he would not do that, because I said nothing of the kind.

Mr. GRAYDON: I do not know whether I am putting words into the minister's mouth; but whether he used those words or not, he certainly in his description of the system implied that it was to be a super civil service.

Mr. HOWE: That may have been my hon. friend's inference; but I wish he would keep it for himself, and not give it to me.

Mr. GRAYDON: I have no objection to accepting the words, if the minister wishes to give them up. In any event, does the minister not think that, as in respect of the crown companies, he is in this instance driving a coach and four through the Civil Service Act?

I believe he will find that this situation will give rise to considerable difficulty, so far as the whole civil service set-up is concerned. I have no desire to be critical without being constructive; but as we find more crown companies being set up, and the government going into business from time to time, one wonders what the attitude and reaction of the ordinary civil servant employed by the government in ordinary government enterprise will be. We now have the civil service commission, which has set up certain standards of salaries and promotions. At the same time the government is setting up companies, and in doing so abandons the civil service scale and establishes a different structure altogether. I believe this situation will lead to grave difficulties. In the light of the necessity which the minister no doubt feels in this connection, where higher salaries are to be paid, I suggest that the government should give consideration to a complete review of the whole position of the civil service in Canada. We should have nothing short of a complete overhaul and review of the general picture in respect of the new companies together with normal civil service requirements. I do not believe we can have operating in this country successfully and concurrently two civil service standards, one set much higher than the other. It seems to me that some day one will run counter to the other, to the detriment of one or the other, or both.

I do not wish to be unduly critical of the present set-up, but I am wondering why we have to leave the scale of the present civil service at what would appear to be substantially lower levels of returns than are offered in these crown companies. It would appear that we are creating a superstructure which in the end will lead to trouble for the government, or for any government which may succeed it. I would ask the minister to consider finding some way by which the two systems may work together concurrently, without effecting discrimination to the extent which I believe will develop within a reasonable time.

Mr. HOWE: The national research council has operated along these lines since 1923. As a matter of common sense, the salary scales in the two are kept comparable. In other words, the national research council consults with the civil service commission in respect of what it shall pay stenographers; and those stenographers are graded in the same way. Appointment by gvernor in council means appointment by treasury board. Naturally treasury board keeps a careful watch on salaries, to see that they do not get out of line. My hon. friend suggests that people in

[Mr. Graydon.]

corporations are much better off than those in the civil service. It seems to me, however, that there has been much more said in the debate about low salaries paid to scientists appointed by the national research council than there has been about the great benefits accruing to employees of corporations with the national research council rather than with the civil service. The hon. member may rest assured that the matter is being watched carefully.

Section agreed to.

On section 12—Application of R.S., c. 30.

Mr. MacNICOL: What would be the compensation of these government employees in the event of death, as was discussed a short time ago?

Mr. HOWE: The Government Employees Compensation Act means the workmen's compensation act of the province affected. Payments into the compensation fund are made by the government.

Mr. MacNICOL: The compensation act of Ontario would apply in that province, that of Manitoba in Manitoba, and that of Quebec in Quebec?

Mr. HOWE: Yes.

Section agreed to.

Section 13 agreed to.

On section 14—Claim for compensation may be referred to exchequer court.

Mr. HAZEN: This section provides that in the event an agreement cannot be reached as to the amount of compensation to be paid, the claim for compensation shall be referred by the Minister of Justice to the exchequer court. No time limit is set within which the Minister of Justice shall refer the matter. I do not know if other acts contain a section similar to this; but it seems to me that it would be well to have a provision whereby the Minister of Justice would be obliged to refer the matter to the courts within a reasonable time.

Mr. HOWE: I think it should be assumed that the Minister of Justice will act in a reasonable way. I do not think we need to pass laws in this parliament to regulate the methods of the Minister of Justice in carrying out the duties of his office.

Mr. HAZEN: Are there similar sections in any other acts?

Mr. HOWE: In the War Measures Act and, I think, in other acts as well.

Mr. HAZEN: Is the wording practically the same?

Mr. HOWE: Always the same.

Mr. FLEMING: Following up that question, in what form is the reference made? In what particular form do the proceedings commence in the exchequer court?

Mr. ST. LAURENT: The usual procedure is to have an information in the name of the Attorney General of Canada filed in the exchequer court setting out the facts and praying the court to award such remedy as may be appropriate in the premises.

Mr. FLEMING: Then pleadings are delivered?

Mr. ST. LAURENT: Yes.

Mr. HAZEN: Could an owner under this clause bring the matter to the attention of the court, or must the initiative be taken by the Minister of Justice?

Mr. ST. LAURENT: The owner could always submit a petition of right but that, like the other action which may be taken, would be subject to the recommendation of the Minister of Justice. There have been cases under the Expropriation Act where a plan has been filed and, as a consequence, expropriation has taken place. Sometimes there have been regrettable delays in filing an information to get court action. In such circumstances an owner has submitted a petition of right and, if there appeared to be unjustifiable delay, there has been a recommendation that a fiat issue.

Mr. FLEMING: Take the converse case. Suppose there has been a delay. There is no provision in this bill that the provisions of the Expropriation Act will apply. I am thinking about periods of limitation. Within what time must a claim arising out of expropriation or requisition be lodged before it becomes barred?

Mr. ST. LAURENT: I am not sure just what the hon. gentleman is fearful about. In the administration of the department I have tried to act as I would have hoped the department would act if I were still practising at the bar. I found at times that there were regrettable delays. For instance, a petition would come in and a report would be requested from the department concerned. Then the matter appeared to be pigeon-holed until the report came in, and sometimes that took a very long time. I made it a rule that in an application to a department for information they should be told that if we did not get it within thirty days we would assume that they had no special objection to bring to our attention and we would proceed without waiting any further to hear from them. I think the same procedure would be followed in a case of this kind. As soon as the Department of Justice is advised that action on its part is required, I feel confident that anyone having the responsibility for the administration of the office will endeavour to see that it is done in the way he would want it done if he were on the other side.

Section agreed to.

Section 15 agreed to.

On section 16—Expenses.

Mr. MacNICOL: This section reads:

> All expenses under this act shall be paid out of moneys appropriated by parliament for the purpose or received by the board or a company through the conduct of its operations, bequest, donation or otherwise.

Should not something be added after the word "company" so that it would read, "company set up by and under the control of the board"?

Mr. HOWE: That is covered by section 2(e).

Mr. STIRLING: Does this imply that each year there will be a vote in the estimates for the atomic energy control board, provided, of course, that its other revenues are insufficient for its purposes?

Mr. HOWE: That is correct.

Section agreed to.

Sections 17 and 18 agreed to.

On section 19—Oath of fidelity and secrecy.

Mr. KNOWLES: I notice that both subsections refer to the schedule which is to be found on page 8 of the bill. I am wondering whether the phrase "affairs of the board" in the oath of secrecy is broad enough to include everything one might think of. That phrase "affairs of the board" might not be understood by a party taking the oath to include more than business affairs of the board. What about technical and scientific secrets? The second thing about which I am concerned is the atomic energy secrets that become the possession of an individual working under the present set-up at Chalk River and who may in due course return to full-time employment with the private company from which he may be on loan. Would this oath of secrecy have a bearing on those?

Mr. HOWE: This refers to information relating to the affairs of the board. If a man has learned a lot about atomic energy in a university or in books which he has read that is his affair, but if he indicates particulars of the work the board is doing he would be violating his oath.

Mr. KNOWLES: "Affairs" does not mean just business affairs but technical and scientific information as well?

Mr. CASE: This oath would apply only while he was employed by the board. Should he leave the board and seek other employment there would be no importance to the oath.

Mr. HOWE: I am not sure about that. No; it is not limited in time. If he disclosed the affairs of the board, whether employed by the board or not, it would be a violation of the oath.

Mr. STEWART (Winnipeg North): Is it not possible that a scientist working with the board might learn a certain process, perhaps not overly important from the defence point of view, and then leave the board to take up employment with some private corporation. Then, in the course of his work with that corporation he might unwittingly divulge what he had learned with the board. How could you guard against that?

Mr. HOWE: I think he would have to prove that he had done it unwittingly. I believe there will be very little danger of that because it does not relate so much to processes as it does to the affairs of the board.

Section agreed to.

On section 20—Offences and penalties.

Mr. BLACKMORE: This section reads:

> Any person who contravenes or fails to observe the provisions of this act or of any regulation made under the authority of this act shall be guilty of an offence . . .

That opens the door to a wide variety of offences and punishments. I wonder by whom these regulations are to be made and what opportunity parliament or a parliamentary committee will have to review the regulations. We are conferring on whoever is to administer the act tremendous powers. I can understand why there should be prosecution and punishment under section 20 for any infringement of any clause of the bill which parliament has scrutinized and passed, but to make the same punishments apply possibly to any regulation passed under the act, with such regulations not being subject to the scrutiny of parliament or any parliamentary committee, seems to me to be going very far. Would the minister comment on that?

Mr. HOWE: May I refer my hon. friend to section 9(2) which provides:

> Regulations under this section shall forthwith be published in the *Canada Gazette* and laid before parilament within fifteen days after they are made if parliament is then sitting, and, if not, then within fifteen days after the commencement of the next ensuing session thereof.

[Mr. Howe.]

Mr. BLACKMORE: That clears the point up.

Mr. JOHNSTON: Will the regulations be in effect before parliament has had an opportunity to scrutinize and approve them? They are to be submitted to parliament, if not then sitting, within fifteen days after the commencement of the next session. Would it not be a safeguard to provide that the regulations will not come into effect until parliament has approved them?

Mr. HOWE: No. After the regulation is made with the approval of the governor in council it is in effect. The statute provides that it must be published forthwith in the *Canada Gazette,* and laid before parliament at the first opportunity. But the regulation is in effect as soon as it is sanctioned by the governor in council.

Mr. BLACKMORE: That confers wide discretionary powers on whoever is administering the act, but I presume it must be necessary.

Another question. The section also says:

> . . . at the election of the Attorney General of Canada or of the province in which the offence is alleged to have taken place, be prosecuted upon indictment, and if convicted shall be liable to a fine not exceeding ten thousand dollars.

Would the minister explain, so that we can understand, what sort of set of circumstances would impell the attorney general to cause a man to be tried upon indictment and possibly punished with a fine of $10,000. The fine is double that provided in the preceding paragraph.

Mr. HOWE: The seriousness of the offence would be the reason. The attorney general of any province would not be moved to prosecute a man for trivial cause. The offence must be in keeping with the size of the penalty, and the penalties prescribed are maximum penalties.

Mr. BLACKMORE: What was passing through my mind was the very possibility that was implied by the hon. member for Bow River. Suppose these regulations are made and published in the *Canada Gazette* and that before parliament has had a chance to review them, someone offends against one of the regulations. A severe punishment may be inflicted on the offender before parliament has had a chance to approve or review the regulations. If that is quite in order, I suppose there is nothing further to say, but it seems to me to be drastic.

Section agreed to.

On section 21—Annual report.

Mr. MacNICOL: I want to say a word, although I know it will have no effect now. It is a suggestion for the future. I have long asked myself if it would not be possible for Canada and its crown corporations to have their fiscal year end as the financial years of the majority of companies do on December 31 instead of March 31. We may not receive the annual report of the board until June 30. The house will then be in session and the report cannot be dealt with until the year after that. That is one reason why we cannot keep close check on what business the government does through these companies. I throw out the suggestion to each and every member that we start considering bringing the fiscal year to an end on December 31. I know that for a few years it would not fit in with the reports for previous years, but after a few years it would be 100 per cent better than the present system.

Mr. STEWART (Winnipeg North): I find myself in sympathy with that suggestion. I see no reason why the crown companies cannot end their financial year on December 31, even though the fiscal year of the government ends on March 31. As has been pointed out, the financial year of the board ends on March 31. Although it has to submit an annual report to the committee within three months after March 31, parliament will not get the report for some time after that and we cannot discuss it in the same year. If the financial year of these crown corporations were made to end on December 31 we would have a reasonable chance during the next year to discuss its transactions. I strongly support the suggestion that the financial year end on December 31.

Section agreed to.

Section 22 agreed to.

Schedule agreed to.

Bill reported.

At six o'clock the house took recess.

After Recess

The house resumed at eight o'clock.

SUPPLY

The house in committee of supply, Mr. Macdonald (Brantford City) in the chair.

DEPARTMENT OF NATIONAL HEALTH AND WELFARE

National health branch—

212. Civil service health division (including medical investigation division), $180,078.

Mr. FLEMING: Under this item, the services for which the minister intends to provide, as outlined by him at page 3608 of *Hansard* of the previous session, are covered by a six-point programme. The minister referred to the fact that in May, 1945, he was authorized by the government to announce a programme involving an expenditure of $328,000 for the first year to provide a number of health services for civil servants. The six-point programme mentioned by the minister was to cover: (1) Examination before entrance into the civil service, including X-ray for tuberculosis; (2) periodical examinations; (3) emergency service; (4) educational facilities; (5) advice; and (6) the establishment of sanitary standards. The item approved at the previous session called for an expenditure of $145,750. I do not recall whether there was a supplementary estimate in connection with the item, but the item now before us involves $180,078, and we are shown the same figure as having been appropriated in the preceding year.

Will the minister indicate the relationship of the item shown here to that appearing on the page in *Hansard* to which I have referred, and also the development of the programme as outlined by him at that time, and the relationship of the item to the expenditure of $328,000 for the first full year of service which he indicated was then intended?

Hon. BROOKE CLAXTON (Minister of National Health and Welfare): When the civil service health programme was approved by the governor in council in May, 1945, as the hon. member said, and as I mentioned last week, the estimated cost of providing full service for one year was, as I intimated, $328,000. It was not found possible to inaugurate the programme in full and it is not yet in operation in several important respects. Our inability to put it into effect has been due to shortage of doctors and dentists, shortage of nurses and shortage of space. These shortages are being gradually overcome and the programme is now being carried more fully into effect. I described it last session, and I do not propose to take the time of the committee to-night in going over again the objects of the programme in detail.

Generally speaking, it aimed at giving a health service comparable, if not superior to that generally in force among the employees of leading employers. We had in mind the services provided by the Canadian National

Railways, the Bell Telephone company, the Metropolitan Life Insurance company and other large employers who had instituted services of this kind and who, we were informed —investigation proved this to be the case— had found that these services not only improved the health of the employees but also improved employer-employee relationships. It was demonstrated in other cases that the cost of the service was more than met out of the savings in illness, premature retirement, sick leave and the like.

As hon. members no doubt know, there has been a serious shortage of doctors in Canada, since so many were engaged in war services, and every public health service and every community are consequently suffering from the shortage. The same is true of this department; and it has not been possible for that reason, as well as because of the shortage of space, to implement the programme more fully. I may tell the committee, however, that there already was a health service provided for civil servants in Ottawa under which X-rays were taken; and a very large proportion of the civil servants in this city were examined in the year 1943-44. In consequence of that, a number of cases of active tuberculosis were discovered; a number of persons were hospitalized, and the results obtained have more than justified expenditures.

In addition, at that time—the same is true to-day—civil servants on becoming permanent were required to be examined; and also, in connection with retirement and sick leave, examinations were undertaken by the medical investigation division of the department. That division really laid the foundations for the more ample service that we are now giving. The service, we hope, will be centred in the offices in the Jackson building where the department's headquarters are now situated.

We hope there will be health units in a number of office buildings in different sections of the city where there are large numbers of civil servants, and there will be preliminary examinations on entrance and regular laboratory tests, medical advice and emergency service. There will also be a programme of health education which will be an important feature of this service. Altogether it is expected that with the return and discharge of members of the armed forces who are in medical, nursing and dental professions, it will be possible to bring this rapidly into effect by stages in the different buildings in which we hope to establish units.

Mr. FLEMING: The minister has not dealt with one or two of the points that I raised. I notice that last year the amount voted for this item was $145,750, but it appears on page 27 of the estimates as $180,078. Is that a mistake, or was there a supplementary appropriation last year? That is the first question. In the second place, I should be obliged if the minister would indicate the exact expenditure, if he has it, under this heading during the past year so that we may have some reference to the actual expenditure in considering the proposed appropriation.

Mr. CLAXTON: During the year 1945-46, the expenditure was $31,590.01. The difference in the two items mentioned by the hon. member is not due to a supplementary. The item is $180,078 in the estimates under item 212 for both the years 1946-47 and 1945-46.

Mr. FLEMING: There must be a mistake in the year 1945-46, because the item voted on December 15 last was $145,750. If there was not a supplementary it must be a mistake in the book of estimates.

Mr. CLAXTON: This represents a consolidation of two items. The previous division which carried on this service was, as I mentioned, the medical investigation division. If my hon. friend will look at the estimates for 1945-46 he will see an item for the medical investigation division which, taken with the item for the civil service health division, makes up the total of $180,078 which he mentioned. There has been a consolidation of two divisions.

Mr. MacINNIS: Would the minister add a little more to the statement he made a little while ago that before becoming permanent a civil servant had to undergo a medical examination? If the medical examination discloses that the civil servant has an impairment of health, what is his status? Would he or she receive a permanent position, or what would be the result following the examination?

Mr. CLAXTON: The purpose of the examination first of all was to show if the person was fit to do the work, and if he or she were found to be unfit then the employee would not become permanent. In the translation from the status of temporary to permanent the civil servant would be dealt with as if he or she were sick at that time. Its purpose also was to discover what defects the applicant for the civil service might be suffering from so as to advise him or her of any treatment that should be undergone.

Mr. MacINNIS: The impaired condition of health would not result in the civil servant losing his employment?

Mr. CLAXTON: My understanding is that it would not necessarily, but he would not become permanent and entitled to superannuation.

Mr. BLAIR: I notice that there is a travelling expense bill of $4,500. The greater part of the work is done here in the city, is it not?

Mr. CLAXTON: It is intended that this work will cover all Canada. The places where we shall have our own units will be Ottawa and the other places where we already have units of the Department of National Health and Welfare. In other parts of Canada the work will be carried on by part-time doctors if there are no federal government doctors to do the work. That will require a certain amount of travelling in order to coordinate the work, check records, give advice and so on.

Mr. McLURE: I notice that there is quite an item for publicity and advertising; as a matter of fact, $68,000. What is the total amount of publicity and advertising in the Department of National Health and Welfare? There is a big increase over what it was last year. Even if we leave out the film board it is a couple of hundred thousand dollars extra. What will be the total amount?

Mr. CLAXTON: That was gone into when item 200, departmental administration, was under discussion. Under this item the amount for publicity is $18,000. Particulars were given of the expenditure last year which totalled only $230. It is intended, as part of this civil service health service, to carry on an educational campaign. The item of $18,000 would be intended to cover short films dealing with health, a film strip, film distribution, booklets, leaflets and posters.

Item agreed to.

National health branch—
213. Nutrition service, $142,992.

Mr. KNOWLES: This is an item in which the amount asked for this year is $6,000 less than what was asked for last year. If I may say so, I am sorry to note that reduction because it seems to me that it might turn out that there is nothing more important in the field of national health than nutrition. I notice in the details given on page 164 of the main estimates that, although there may be some explanation which the minister can give for it, the top person listed in this division is a grade 2 stenographer. That is hardly good enough for nutrition. Perhaps in the temporary assistants' item there may be amounts for the employment of people of a little higher grade. But I want to impress upon the minister my feeling—and I think it is shared by a good many—that this is a field in which research ought to be done, and in which all possible information should be got out amongst our people.

The idea that care of our health consists not only in curative and corrective measures but also in preventive efforts is now pretty well established. When we stop to think of it I believe we all recognize that if we are to encourage preventive attempts to improve our national health, probably this is the place where we shall have to do some real work, namely in connection with the whole question of nutrition and diet. I think it must be admitted that even though there is the will to eat according to the best ideas of the correct diet we do not yet know what is the best diet for the human body. I was interested in a press dispatch which appeared in the newspapers earlier to-day, to which reference was made this afternoon, about developments in connection with atomic energy. In that dispatch it was suggested that very soon it would be possible, because of the research being done in atomic energy, to learn more about the chemistry of the human body, what it does with medicines that are given to it and what it does with food, so that possibly we may be on the threshold of new discoveries and greater knowledge about the effect on our national health of nutrition, diet and the foods we eat from infancy throughout the whole of life. Therefore I would urge most strongly that in this field the minister not pay too much attention to those who are trying to pinch pennies here and there. I urge that he fight within the cabinet and treasury board for all the money he can get for this kind of work.

While I am referring to the importance of nutrition as far as research, knowledge, publicity and information are concerned, I hope there will be no request for this item to be cut down, because I want to see it extended. But I think one must also tell the minister again what has been said to him a number of times on this subject, that it is not enough just to find out what is the proper diet, to give publicity and information in regard thereto, and to ask the people to eat the best foods, if at the same time the government takes off the subsidy so that the price of milk goes up, fails to give old age pensioners adequate allowances, and so on. I suggest that it is part of the minister's job, as guardian of the national health, to fight for measures on the part of the government to which he belongs which will make it possible for people to get the foods which, nutritionally, are best for them. This is really something pretty basic, pretty fundamental

to the health of our people. Not only is that so with respect to the generation now living in Canada, but it is also possible that if we really put some effort and research and money into this subject we may receive the thanks of two or three generations ahead, if by having done so we find ways and means of so feeding ourselves that we become a healthier and happier race of people.

My tune, as the minister recognizes, is a little different from that which he hears from some hon. members with respect to these estimates. I regret that there has been a reduction this year in this item, and I should be glad to hear what plans the department has in the field of nutrition service.

Mr. CLAXTON: I appreciate the remarks of the hon. member for Winnipeg North Centre on the importance of this subject. The reduction in the estimates—which is not very great, amounting to $6,039—is due entirely to an adjustment with regard to the amounts provided for temporary assistance and cost of living bonus. If the hon. member will look at the estimates for 1945-46 and compare them with the estimates for 1944-45 he will see that there was a considerable increase as between those two years. As a matter of fact they went up from $63,181 to $149,031. Our experience during the year has shown that we can make this adjustment without impairing the service.

With regard to the type of work done by the division, it includes research activities, including dietary and nutrition service and tabulations. There we work closely with the provinces, and at the request of provincial health authorities have made surveys of a considerable number of places. Surveys are being carried on to bring to light nutritional deficiencies due to one reason or another so that proper nutritional standards may be built up. The work also includes education with regard to nutrition, both through contacts with the provinces and communities and through various media. These include the use of films; wall charts, which are distributed wholesale and are colourful and useful with regard to diets; small sheets that were distributed on street cars and which had a general distribution; a wide range of pamphlets, and posters. The division also gives advice on group feeding in connection with quantity food services to industries, camps, small hospitals and so on. An active correspondence is carried on and a considerable amount of field work is done. Finally, the division works closely with other agencies of the government, as, for example, the armed forces, veterans affairs and others, in seeing to it that as far as possible the nutritional standards of the country are built up.

It is common knowledge that during the war the nutrition of the Canadian people was greatly improved, partly due to higher take-home wages, partly due to improved knowledge, and partly due to the development of good nutritional practices in industries and other places where groups of people were fed. We hope that work will be continued and extended. We find there is a great deal of room for work in marginal areas, as, for example, in the far north with our Eskimo and Indian people, and in various parts of Canada where nutritional standards are not as high as they should be. We hope to continue along that line, working closely with the provinces and any other agencies engaged in that field.

Mr. KNOWLES: There are two questions I should like to ask the minister. First, I want to repeat a question I have asked already; that is, as to what liaison there is between the division of nutrition and the Department of Finance. After all, it is in the finance department that decisions are made which affect the amount of money our old age pensioners receive, which affect the price of milk, and things like that. Is there any means whereby the knowledge gained by these people as to what the nutritional standards should be is brought impressively to bear upon the colleague of my hon. friend, the Minister of Finance?

The other question I should like to ask—and I am not being facetious nor am I being critical of the people employed there—is in regard to the nutritional standards of the cafeteria in which many of us in this house eat from day to day. I feel that the employees there do a good job with what they have, and give as good and courteous service, but my question is, are this department's nutritional standards really put into practice in connection with the meals members of the house must live on? Or is there some conspiracy to keep us at a low ebb so that we shall not be too hard on the government?

Mr. MacNICOL: They are certainly good in the main dining room.

Mr. KNOWLES: Certainly, for those who can afford to eat there all the time.

Mr. CLAXTON: The answer to the hon. member is that the nutritional standards and practices of hon. members are within their own control. Through Mr. Speaker they can exercise that control, by working through the proper agency, namely the committee on the

restaurant. I feel that Mr. Speaker and hon. members would not wish us to engage in any campaign in that field without their express invitation. If they invite us we shall be glad to serve them, as we are glad to serve any other group in Canada.

Mr. BRACKEN: Will you not give them the benefit of your service?

Mr. CLAXTON: If we are invited.

With regard to the other question, as to the awareness of the Minister of Finance respecting the need for high nutritional standards, I believe it can be said that he is well aware of it; indeed all of us are. The best answer I can give the hon. member is that I do not think there has been any period in the history of Canada which compares with the last five years, so far as the average incomes of Canadian people in all classes are concerned. We hope that will be maintained and improved.

Mr. CASE: May I call attention to the item now before us appearing in the estimates for the fiscal year 1946-47. Item 213, for nutritional service is placed at $142,992, and it is stated in the next column that the amount for 1945-46 was $149,031, showing a decrease this year of $6,039. Then, if I can read correctly, I turn to the estimates for the fiscal year 1945-46, and under item 203, and the heading "nutrition service", I find the sum of $69,027 for 1945-46 as compared with $63,181 for 1944-45, or an increase of $5,846. My point is this: While the estimate for last year, in the estimates for 1945-46, is shown as $69,027, we find in the second column of the estimates of 1946-47 the sum of $149,031 for that year, as having been granted. Is there some explanation for that? If so, what is it?

Mr. CLAXTON: I shall have the answer for the hon. member in a minute.

Mr. FLEMING: While we are waiting for the answer, may I put to the minister with respect to the item for publicity and information amounting to $50,000 the same question we have asked with respect to all such items in the estimates of this department? First, what were the actual expenditures under this heading during the fiscal year ended March 31, 1946? Second, what are the projected expenditures for the current year?

Mr. CLAXTON: In answer to the hon. member for Grey North, I would point out that the difference is due to the supplementaries. We obtained large supplementaries last year, which are included in the comparable vote.

Mr. GRAYDON: Surely the supplementaries would not be as great as that.

Mr. CLAXTON: They were.

Mr. GRAYDON: Then the minister must have been a poor judge of what was coming if his supplementary estimates were nearly twice as large as the original amount. What is the reason?

Mr. CLAXTON: I was not minister at the time; in fact I do not think the department was then in existence. The division was just in process of being set up. That is my recollection, and that would no doubt explain the failure to make a more accurate estimate. Then, too—and I shall verify this in a minute—I believe there was some adjustment between the war appropriation item and the civil item. I shall check on that.

In reply to the hon. member for Eglinton, the expenditures on publicity and information —that is, educational activities—in 1945-46 were $16,213.01. Does the hon. member want the items? They are lengthy.

Mr. FLEMING: Might we have a breakdown of them?

Mr. CLAXTON: They are classified under the different types of publicity, as follows: Canadian nutrition notes, $381.51; a pamphlet prepared for the national radio farm forum, $213.77; an eight-page booklet illustrating good business principles in selling food and food sanitation, prepared for the trade at a price of $78.60; a leaflet to improve the health and welfare of Canadian children by promoting good school lunches, which was prepared at the request of the dominion-provincial nutritional committee, and was distributed by the provinces to the schools, 800,000 copies in English and 200,000 in French at a cost of $3,145.27. Then, a poster which hon. members may have seen, called "Canada's Food Rules", 5,000 in English and 1,000 in French at a cost of $298.23. There is a poster to promote a contest in schools, 20,000 copies in English and 5,000 in French, for $1,573.58, and prizes in connection therewith of $602.25. Then, a street-car poster, "Eat the foods that keep you fit", at $6,356.31; camp feeding, which has been referred to already, $235.95; reprints of scientific articles from professional journals, $39.13; forms of diet, $14.63; Canadian food nutritional statistics, $17.57; writing of nutritional plays and pageants for school children, $115; Canadian Press clipping service, $19.96; nine displays on nutrition for use in schools, $192.56; "Start the Day Right", newsclip for commercial theatres and broadcasters, $990.75; a film strip, "Canada's Food Rules", in colour, $27; "Let's Talk Food, Mother", prepared at

the suggestion of the dominion-provincial nutritional committee, 300,000 copies in English and 100,000 in French, $135 for the preparatory work, the printing bill having not yet been received; eight health exhibits from the Cleveland health museum, $1,657.50; "Lunch Boxes on the March", to improve the health and welfare of Canadians in industry, schools and offices, distributed through the provincial departments of health, $742.94. This makes a total of $16,837.51.

Mr. FLEMING: The other question was as to the projected expenditures for the current year.

Mr. CLAXTON: Some bills for part of the work are still outstanding—quantity food service, nutrition survey, winter diet poster, and the caterers' bulletin. They enter into the present year's estimates.

Mr. FLEMING: What is the total?

Mr. CLAXTON: The matters in process of production are in great detail. They go up to $48,400, leaving an unallocated amount of $1,600: periodicals, "Canadian Nutrition Notes" and "Caterers' Bulletin", $500 and $100 respectively; pamphlets for teachers, on school lunches, $1,000; for mothers on school lunches, $1,000; for a revised edition of "Healthful Eating", $3,000; Camping Manual, $2,000—

Mr. FLEMING: I do not wish to interrupt the minister, but I did not want that much detail.

Mr. CLAXTON: The hon. member asked for it.

Mr. FLEMING: I do not think we need those items in such detail. Might we have just the larger ones, anything over a couple of thousand dollars?

Mr. CLAXTON: For posters and coloured maps showing the food production areas in Canada, $5,000. A kitchen wall chart which has been issued and reissued and which is to be issued in revised form, 100,000 copies in English and 25,000 in French, $5,300. Those are the only large items.

Mr. BRACKEN: The minister referred to a map showing the food production areas in Canada. What is the purpose of that?

Mr. CLAXTON: That is to bring home to the people and school children of Canada by means of an illustrated map the kind of food that Canada produces which they should eat to make up a suitable diet and the importance of eating different types of food that we produce in Canada in order to make up a balanced diet.

[Mr. Claxton.]

Mr. CHURCH: This department is labelled the Department of National Health and Welfare but, so far as making any contribution to nutrition is concerned, the department is doing nothing that I know of. They have a national health department in Great Britain, and what do they do? They provide meals for the underprivileged children in the schools. What are we doing over here? We have a skeleton department that spends $11,000,000 on public health and which used to spend only $500,000 before the war. All they do is to give advice to the provinces and municipalities regarding public health.

I read a letter in the *Globe and Mail* this morning criticizing one of the officers of the department because he was travelling all over the world giving advice. They must have an awful lot to do here in Ottawa in the national public health department when they can find time to take trains and planes all over the civilized world. Planes here and planes there, hotel bills everywhere; they have a staff travelling along, secretaries and a whole retinue; almost a small standing army. When the war started and so many men were overseas the municipalities were faced with the necessity of setting up day nurseries to take care of the children in those families where the mothers had to go to work because they did not have enough money to pay the rent. These day nurseries were opened up and the children were taken in and given milk and food. What are we doing? We are spending money to visit security councils when there is no security at all in any land.

The first thing I want to know is: What does a lawyer know about nutrition? Why should a lawyer be heading the Department of National Health and Welfare? When I was chairman of the board of health I had one of the greatest health officers at the head of the department, Doctor Hastings. He knew the whole business from top to bottom. If the government is not prepared to do the right thing, let us abolish the department altogether. They are doing nothing for national health. What has happened to the nurseries which were opened in order to provide hundreds of children with a little bit of lunch when their fathers and mothers were out working? They closed them up. They told the municipalities that that item would be struck out of the estimates, but yet they find money with which to visit New York and travel all over the United States taking up all the hotel space and the reservations on planes. These are the wonderful people who are doing so much for public health.

As far as I can see, the department is doing nothing. All that they do is give advice to the municipalities. I receive their literature but I just throw it in the wastepaper basket because it would be a waste of time to read it. The writers do not know very much about public health and yet they clutter up the mails with all this stuff. If the government want to do something they should do what they are doing in Great Britain. Some of the officers of the department have just come back from the United States. They cannot see a day wasted without visiting Washington, Chicago, Buffalo, Cleveland and New York—all aboard! The whole staff are ready to go to make some investigation or inquiry into public health and make speeches in the United States. What do they care about the children in our public and separate and other schools of the country who cannot get milk, with the two-cent subsidy now cut off? There are a great many of these children in my own constituency. They had a school down at Little Norway. They cannot get houses, they cannot get homes; they cannot get anything. Yet all we have is this skeleton department giving advice to the municipal health officers.

A lot of the health officers are getting pretty sick of it. I was talking to three or four of them about it the other day, and they wanted to know what I was going to do to try to get this item for the day nurseries back in the estimates. Many of these men know more about public health than some of the fellows I have seen in the department. If we are to have a national health department, let us have a good one. Health is the most important thing that I know of. Some of those who have been in this parliament have gone because they could not stand the pace. If we are going to do something for public health let us find the money to do it with. It is the duty of the government to look after the peace, health, comfort and prosperity of its people. Do you think visiting the United States will help the children of this country?

Nothing has been done at all. No houses, no homes, no food, no milk, no day nurseries. All they need is one or two cents for milk to provide the necessary nutrition, and yet they are ready to spend thousands of dollars in carrying on a useles advertising campaign. I often pity the taxpayers of the country. Fortunately there is an election every year in municipalities and here every five years, and the government will have to answer when they are asked: What are you doing for public health? What are you doing for consumption? What are you doing about heart diseases? What are you doing about cancer? One of the finest members of the house suffered from that dread malady. It is just like Santa Claus; one of the officials of the department said that there was no Santa Claus, and there is no Santa Claus as far as this department goes. The municipalities have to be the Santa Claus. They have to provide the funds for real public health.

We spend more money on education in one year than they are spending. Here we are spending $11,000,000 on a skeleton health department of talk. We spend from $12,000,000 to $13,000,000 a year on educating our children. These day nurseries are needed and we should have visiting nurses who could go to the homes of these poor people who are living down in the cellars and all that kind of thing. It is a good thing that we have had the school system we have because the children can at least go to school and be warm in the day time. Some of the schools are beginning to give meals, but they are getting no help from Ottawa.

Ontario is the forgotten province. There has been no cabinet minister from the Toronto district since 1935. Yet there are one, two, three, four, five or six from Montreal. The time is coming when we should either have a real national health department that can provide nutrition and all the rest of it, or we should have no department at all. It is time the government cut out a lot of this waste and duplication. I know the young minister is not to blame for all this because he took charge of the department just at the time of the baby bonus. But I think it would be far better to give bonuses, subsidies and subventions to municipalities to build and maintain hospitals, and liberal grants for cancer, heart disease, consumption, than to spend money the way it has been spent by the government in the past on a national health department that is merely national in name and gives only advice.

Mr. CASE: I come back to the item of $69,000 for 1945-46. According to the answer the minister gave me, he was out only $80,004 in his estimates. In view of that discrepancy, will the minister tell the committee how much money was voted to the department in the supplementary estimates and how much the department spent?

Mr. CLAXTON: I will get that for the hon. gentleman.

Mr. KNOWLES: I was interested in the cards, which the minister described as colourful, for display in kitchens, showing what is believed to be a proper diet. I think he said that 100,000 in English and 25,000 in French of these cards had been distributed. That strikes me as meagre, considering the number

of homes and kitchens there are in Canada. Maybe there is some explanation. Would the minister give us some idea as to how they are distributed and whether consideration has been given to distributing these and other worth-while posters to every home in Canada?

Mr. CLAXTON: The figure was based on the distribution that was made of the previous wall charts. It was expected that that kind of distribution would be needed to cover the needs calculated for the various provincial and other agencies through which the distribution is made. We have given consideration to the idea of a distribution of wall charts and similar material to all homes in Canada, and such distribution has been made so far in inserts in the envelopes containing the family allowance cheques. The insert is in pictorial form and gives nutritional rules that would be useful in the feeding of children. We have considered whether or not that could be extended along the lines the hon. member suggests, but so far it has been felt that the same results could be achieved through the family allowance distribution, which goes to practically every home in Canada where there are children.

In answer to the hon. member for Grey North the main estimates for 1945-46 were $69,027, and supplementaries, $80,004, or a total of $149,031.

Mr. CASE: I have that figure, but I asked how much was the total voted in supplementary estimates for the department.

Mr. CLAXTON: The total supplementaries for the department were $760,828 for the health branch, and $53,005.27 for the welfare branch. The expenses, of course, were nowhere near the estimates.

Mr. CRUICKSHANK: What provision is being made to provide a suitable and proper diet for the people of Canada by seeing that berries and other fruits are made available to them? Will the minister give us the assurance that he will try to convince the government that it should take steps to see that berries and other fruits are made available to the Canadian people so that they will get proper nutrition?

Mr. CLAXTON: We are most anxious to see that everyone in Canada gets adequate nutrition and we shall do everything possible to see that that is done.

Mr. PROBE: Is there any place in this estimate for doing something practical in the line of nutrition, not simply giving advice or suggesting diet rules to follow? I was thinking specifically of the distribution of milk in schools for children of public school age. Now that the two cents subsidy on milk has been taken off, a simple calculation would show that all school children of public school age in this country could be provided with a bottle of milk in the morning recess and again in the afternoon recess at a cost of from $1 to $1.25 per student. I know the minister is anxious about the technical side of nutrition, but the practical side is equally important. I think the minister could make a worth-while contribution in a practical way to nutritional standards, particularly of children of school age who are not likely to have enough milk, by providing through the provincial governments a subsidy of two cents a quart on milk, on a distribution of say 200 half pints a year, and the provincial governments could work out a plan of distribution with the school districts so that every child of elementary school age will get the milk he requires. I think that would be something worth while. Would the minister say whether such a scheme would be practical? I am sure the cost would not be more than a million or a million and a half dollars a year, and it would be of as much practical value as sending out a bunch of charts which the hon. member for Broadview says are thrown into the wastepaper basket.

Mr. CLAXTON: The hon. member's suggestion is not in my view a practicable one. We have never had any suggestion from any province that we should make such a grant in aid.

Mr. PROBE: There is no reason why the minister should not take the lead, or at any rate the federal government.

Mr. CLAXTON: I still think we have in Canada a constitution that we ought to respect. What we aim to do is to put the provinces, by agreement with them, in a position where they can discharge their proper constitutional responsibilities, and I simply cannot conceive of any arrangement whereby the federal government could grant money for bottles of milk to individual children across Canada. We have not that kind of constitutional set-up.

Mr. PROBE: What is the constitutional limitation upon the federal government making a grant to the provinces on the basis of the number of school children who would receive such service through arrangements made by the provinces themselves? To me it is highly practical and I do not see any constitutional difficulty.

Mr. FERGUSON: Mr. Chairman—

Mr. PROBE: I should like to get an answer from the minister. He is a lawyer and he might indicate where the constitutional limitation applies. I am not a lawyer but I am interested in nutrition.

Mr. CLAXTON: At present we are discussing an item in the estimates. If the hon. member really wishes to have me develop the constitutional position of Canada, the relationship between the federal government and the provinces, and the constitutional and practical limitations upon a system of grants in aid, I am prepared to do so at the proper time. This, however, is not the time. I repeat, it has never been suggested to us that we should make such a grant for such a purpose and I cannot conceive of the provinces agreeing upon our doing that, nor can I imagine a system under which it can be done effectively.

Mr. FERGUSON: The Department of National Health and Welfare is one of the most outstanding in Canada, but in the administration of it I suggest that the old taxpayer of Canada should be given just as much consideration as he is under any other department. A moment ago the minister mentioned an item of $5,000 expended in the distribution of a map to demonstrate, and to educate the children of Canada in, the various products of this country, where they are produced, and the benefits to be derived from them if they are consumed in certain quantities and in certain ways. I do not think the department gave that item much consideration apart from the fact that it is an attractive illustration of the various products of Canada. Surely the departments of education of the various provinces could look after this matter. Here we are spending $5,000 to impress upon Canadian children where various products come from throughout the dominion. I suggest that this department is treading upon the toes of the provincial departments of education and that this is $5,000 thrown away. The purpose is to reach children who cannot read or who, if they can read, can find in their school books throughout Canada exactly where various products are grown and produced. If the schools in the different provinces cannot spend a little time in instructing their children in the matter of better diets for their general welfare, I suggest that it is extravagant for this department to turn out a $5,000 pamphlet for the purpose of informing the Canadian people where their products are grown. Considering the fact that this government could not give more than $9,000 to the entire boy scout movement for the improvement of the health of young boys, when it can spend $5,000 extravagantly in connection with such a pamphlet.

Mr. CLAXTON: The maps would be distributed to the schools, through the provincial educational authorities.

Mr. FERGUSON: Why is it necessary to spend $5,000 in this way? A well worded letter to all the schools would cost one-tenth of the amount.

Mr. BROOKS: I think the point raised by the hon. member for Regina City was a very good one, namely, that something should be done to see that the health of our school children is improved. It occurred to me that in England—the minister will correct me if I am wrong—under the children's allowance, instead of paying so much money to heads of families they give in part food and milk to school children, the idea being to see that there the benefit of all the money goes to the children. I was wondering whether, under the children's allowance in this country, the minister had thought of giving possibly so much to the different provinces so that they could see that the money which is going here for family allowance really provides the service for which it is intended. We hear reports that people are taking the money and going to the moving pictures and spending it in other ways which are not beneficial to the children, and the department has no way of remedying this. If we want to bring up healthy children in this country it cannot be done if the money is to be wasted on something else. It seems to me that the suggestion of the hon. member for Regina City is a good one, and we should see to it that the money which is being spent is used to build up the bodies of young children attending school. Possibly this will come up under children's allowances, and the minister will be able to discuss it then.

Item agreed to.

National health branch—

214. Combating venereal diseases—administration, $36,970.

Mr. FEMING: Items 214, 215 and 216 relate to the combating of venereal diseases, and perhaps what I have to say now will apply to all three. The first item is administration, $36,000 roughly; the second is assistance to the provinces for control of venereal diseases under regulations approved by the governor in council, $175,000; and the third is distribution of drugs under regulations approved by the governor in council, $50,000.

The first two represent reductions from last year's estimates; the third item is the same as last year's.

In all fairness to the work of the department under this branch, it should be observed that the actual administration of methods of combating venereal disease must fall under the jurisdiction of the provinces, and the contribution of the dominion in this field cannot in peace time be as great as in war time. There was a great opportunity during the war for the dominion, through this department and its predecessor, to take effective measures on various fronts to combat the spread of venereal disease. It requires no further words on my part to establish the seriousness of the whole problem. It is a serious problem in this country; but it is one which, by enlightened methods, can be reduced in its scope if, indeed, it cannot be overcome.

The effect of remedial measures of the right kind is shown by the reduction in the incidence of venereal diseases in the armed forces during the war, by methods carried on under dominion jurisdiction. The report of the department for the fiscal year ended March 31, 1945, at page 62, gives certain figures showing the reduction in incidence in the disease in the armed forces, beginning with the year 1940 and ending with 1944. Statistics for 1945 are not available to us. In the navy the rate per 1,000 in 1940 was 58; in 1941 it rose to 60, and from that point on it was reduced until in 1944 it was 32, which is less than 50 per cent of the incidence of venereal disease in 1941. In the army the incidence of the disease reached its peak in 1940, with 62 per 1,000 in that year. It was reduced each year until in 1944 it had been reduced to 29, less than half of the rate of incidence which prevailed in 1940. In the air force in 1940 the rate of incidence was 29, and it was reduced in each year until in 1944 it was 18 per 1,000. These figures are most significant in showing what can be done by effective measures. Of course it is not possible to take measures with reference to the civilian population in the same way as it is possible with reference to the armed forces. There are not the same opportunities for inspection and control, but there are important lessons to be derived from the experience of Canada in time of war in seeking to combat the incidence of venereal disease in the armed forces.

In a review of this particular item in the estimates of the department last year, the minister outlined a programme on four fronts. His remarks are to be found at page 3600 of *Hansard* of December 15, 1945. He spoke about a series of advertisements issued by the department emphasizing a four-sector front against venereal disease. These four sectors of the front are health, welfare, legal and moral. If the minister will be so kind I should like him to outline what programme his department proposes to follow this year with reference to this problem, bearing in mind, of course, the constitutional limitations on the powers of the department. In particular, I should like to ask him what measures the dominion hopes to initiate or bring about by education or other methods on the moral front? I am moved to say this, not with a view of repeating what has been discussed more than once in this chamber, but because I think it has a direct bearing on any measures that this department proposes to take to combat venereal disease on the moral front. I am sure that we must put far more emphasis on the moral attack on venereal disease than has been done hitherto.

The deputy minister of this department on the health side has made certain public statements, and I should like the view of the minister in regard to the relation of some of the statements of his deputy to the efforts of the department to combat venereal disease on the moral front. Doctor Chisholm's opinions are his own business; but the statements which he makes in his capacity as deputy minister of national health in the time of the department, the time of the people of Canada, are, I think, a matter of genuine concern to the members of this committee. When Doctor Chisholm speaks in public on these matters, undoubtedly he is recognized as speaking in his capacity of deputy minister of national health, and his remarks must certainly be construed by the public as having some relationship to the policy of this department.

In all fairness, I say that there has been a good deal of misapprehension about the remarks of Doctor Chisholm. There has been so much publicity given to his remarks on the subject of education of children, on the subject of Santa Claus, that some of his remarks which are of greater significance have been lost sight of. What I am speaking of to-night has nothing to do with Doctor Chisholm's views on the matter of instructing children in regard to Santa Claus. His remarks which I shall quote relate directly to what may or may not be the policy of this department in attacking venereal disease on the moral front. I shall quote the exact words used by Doctor Chisholm in his lectures at the William Alanson White memorial lectures in the United States last fall. This is what he said:

Is there any force so potent and so pervasive that it can do all these things in all civilizations?

He was dealing with the question of inferiority, guilt and fear and the effect of these things in controlling people's actions and inhibitions. I continue:

There is—just one. The only lowest common denominator of all civilizations and the only psychological force capable of producing these perversions is morality, the concept of right and wrong, the poison long ago described and warned against as "the fruit of the tree of the knowledge of good and evil."

In the old Hebrew story God warns the first man and woman to have nothing to with good and evil. It is interesting to note that as long ago as that, "good" is recognized as just as great a menace as "evil." They are the fruit of the one tree and are different aspects of the same thing.

We have been very slow to rediscover this truth and to recognize the unnecessary and artificially imposed inferiority, guilt and fear, commonly known as sin, under which we have almost all laboured and which produces so much of the social maladjustment and unhappiness in the world. For many generations we have bowed our necks to the yoke of the conviction of sin. We have swallowed all manner of poisonous certainties fed us by our parents, our Sunday and day school teachers, our politicians, our priests, our newspapers and others with a vested interest in controlling us. "Thou shalt become as gods, knowing good and evil," good and evil with which to keep children under control, with which to prevent free thinking, with which to impose local and familial and national loyalties and with which to blind children to their glorious intellectual heritage. Misguided by authoritarian dogma, bound by exclusive faith, stunted by inculcated loyalty, torn by frantic heresy, bedevilled by insistent schism, drugged by ecstatic experience, confused by conflicting certainty, bewildered by invented mystery, and loaded down by the weight of guilt and fear engendered by its own original promises, the unfortunate human race, deprived by these incubi of its only defences and its only reasons for striving, its reasoning power and its natural capacity to enjoy the satisfaction of its natural urges, struggles along under its ghastly self-imposed burden. The results, the inevitable results, are frustration, inferiority, neurosis and inability to enjoy living, to reason clearly or to make a world fit to live in.

Mr. REID: I have listened to what the hon. member has read. What does Doctor Chisholm really mean?

Mr. FLEMING: I should have thought the pith of the remarks of the deputy minister is that the heart of our problem is that we choose to recognize such things as good and evil. His argument here is that the cause of our troubles is the conception of morality which rests on religion and the religious conception of good and evil; therefore he says, do away with that and a lot of your trouble will be over. Further on in his address, he says:

Freedom from moralities means freedom to observe, to think and behave sensibly, to the advantage of the person and of the group, free from outmoded types of loyalties and from the magic fears of our ancestors.

The committee is entitled to know whether that represents the type of attack which this department conceives to be the proper type of attack on the problem of venereal disease on the moral front. I suggest that when we are called upon to vote substantial sums of money to assist this department in combating this dreadful venereal disease; when it is recognized by the minister himself that it has to be attacked on four fronts, not the least of which is the moral front, we want some positive assurance from the minister that statements of this type are disclaimed by the department as representing the policy and view of the department. In the second place, we want an assurance that it is not going to be countenanced by the department on the part of a civil servant, speaking in his capacity as a civil servant, in time paid for by the department. If the deputy minister is to continue in office, and I take it he is since this matter was touched upon last fall, we want some assurance that remarks of this kind will not be made by him in his official capacity.

Mr. CLAXTON: The hon member for Eglinton has raised this question and I am very glad to reply to him. In the first place, I should say that Doctor Chisholm is a doctor and scientist of considerable distinction who during the war rendered great service as director general of medical services of Canada, during the very period when this reduction in venereal disease was effected and when the front against venereal disease included the moral front. He was selected to come to this department and was appointed on the recommendation of the Prime Minister in November, 1944, and he has given great service in organizing the department. When he delivered the speech in Washington just referred to he was speaking as a professional man to an audience of professional men. In no way did he represent himself as speaking for the department or the government of Canada. Incidentally, not that it matters so much, he spoke when he was on leave from the department, his first leave since joining it.

I do not intend to go over the ground covered in the speech to which the hon. member has referred, or what has been quoted by my hon. friend. Nor do I intend to try to explain what Doctor Chisholm meant in the words he used. But I think, if the speech is read as a whole, its general purpose will be seen. It is this: that because of his experiences in two wars, because of his knowledge as a scientist, Doctor Chisholm, like a great number of other people in the world, including the present Prime Minister in speeches in this house, has reached the strong conviction

that unless mankind does something to look after its own affairs better than has been done in the past we are likely to have another war which will destroy a very large proportion of civilization, if not mankind itself. That, I think, is clear from this speech and other utterances of Doctor Chisholm, as well as of other people. Holding that view as strongly as he does, he finds that the trouble lies in ourselves, and he suggests some remedies, some changes in attitude.

Certainly I do not pretend for a moment that the views he expresses are my views. I believe, however, that he has sincerely stated his views because of his strong convictions, and has stated them in all sincerity as an approach to the settlement of the question of war and peace, of man controlling himself as well as his environment. The object, I think, is to try to get people to think for themselves. I have discussed this matter with Doctor Chisholm, as hon. members may imagine, and from that discussion I personally do not think one would find anything in what he said which was an attack on morality in any proper sense, or on a proper concept of good and evil, or on any religion. That is the impression he left with me in the discussions I have had with him.

It is quite obvious that in this he was not speaking for the department or the government. I think it is equally obvious from his whole record that he is a man of great sincerity and deep personal conviction. When as deputy minister of the department he supports and, in fact directs a campaign against venereal disease, which includes an attack on the moral front, he means that; and it is an important element in the attack on venereal disease, as the publicity and educational activities of the department have pointed out and as the hon. member for Eglinton has said. It is mentioned fourth in the list for reasons of climax, as being the most important element in it. The publicity issued, either through films, posters, pamphlets or newspaper advertisements, all emphasizes this; and I can assure the hon. member that as long as I have anything to do with the department they will continue to emphasize it.

The campaign to which he referred and the programme about which he desired information is being carried on largely in cooperation with those agencies throughout the dominion which are directly engaged in dealing with the problem. Within the last two months there was held in Ottawa a meeting at which the venereal disease enforcement officers of the various provinces and others representing the armed forces discussed further plans and agreed on a common line of attack. Among the most important things are the distribution of infomation, the cooperation with regard to statistics, and also the possible development of common lines of attack through action in the courts and otherwise, as well as in the all-important field of education. All that activity is being carried on in cooperation with those agencies, in the directions that were outlined previously.

Mr. LENNARD: Then might I ask the minister the reason for this great reduction in the amount for publicity and information in the estimates for 1946-47?

Mr. CLAXTON: The reason for the reduction is the relatively large item which was included in the estimates for the previous year to cover the cost of a campaign that was carried on during the month of November, 1944. That campaign included a large amount of newspaper and other kinds of publicity. It received general commendation and was useful, but it is not the kind of thing we would wish to repeat every year. It was done in conjunction with the war, and also in conjunction with a similar campaign being carried on in the United States. The possibility of holding another campaign will be under consideration, but it is not contemplated for this year.

Mr. BLAIR: While discussing this item of venereal disease last fall, the minister said this, with respect to publicity:

> While the frankness of the advertisements and radio publicity and the motion pictures that were shown from one end of Canada to the other might have been alarming to some people, there was not a word of criticism of them from any quarter.

This year we are spending $5,000 on publicity with respect to this disease, one which is causing so much harm throughout Canada. But I notice that in connection with the civil service we are spending $18,000 for publicity.

If this matter is to be brought before the Canadian people, then I contend we shall have to spend a great deal more money, because the work will have to be done in an educational way. Taking the three items together, we have an amount of $261,970, or a decrease of $45,000 from last year. I am not in favour of spending additional amounts of the taxpayers' money, but I contend that in cutting down this expenditure, and spending only $261,970, we are increasing our own expenses, because many of these people will become public charges. This disease results in mental cases throughout the country; it results in chronic invalides, the birth of children with defective hearing and defective

eyesight. In comparison with item 205, where $226,710 is spent for the care of nine leper patients, we find this comparatively small amount for venereal diseases. Nine leper patients are costing us the amount I have mentioned; yet one of these infected people, running loose in the country, could cause a great deal more expense than that.

Last year I suggested that the item should be doubled, and I am still of that opinion. This disease is one of the greatest scourges in the country. The sooner it comes out in the open, through an educational programme, the better. We must take off our gloves and attack the problem in the open, through a complete educational programme. I say that $5,000 will not be sufficient to educate the people in a programme of that kind.

Mr. CLAXTON: I agree with the hon. member in what he says respecting the amount provided. It surprises me, and I shall certainly see that it is reexamined. I noted his statement as to the expenditure of $226,710 for the care of lepers. That, of course, includes the quarantine service. The actual expenditure on the care of lepers was somewhat under $15,000, if my memory is correct.

Mr. PROBE: I congratulate the hon. member for Lanark upon his drawing attention to the serious implications of venereal disease. At the same time, however, I would question the consistency of several of his colleagues who have been attacking the ministers, including the one now before the committee, for too heavy expenditures on publicity. I believe that inconsistency should be explained, because on the one hand we cannot have increased expenditures for some worth-while form of publicity, and decreased expenditures on the other. I believe it was the hon. member for Vancouver-Burrard who on June 7, as reported at page 2314 of *Hansard*, referred to this specific appropriation.

I note that in connection with venereal diseases there is an appropriation to the provinces. Why is it constitutionally sound to make additional grants to the provinces for the control of venereal diseases, for physical fitness programmes, but constitutionally unsound to make a grant in connection with the nutritional matter of supplying milk for school children, which I mentioned a minute ago. It was pointed out that such additional grant was ultra vires or unconstitutional. What is the explanation?

Mr. CLAXTON: Replying to the hon. member for Lanark, might I point out that under the next item, 215, there is included in the sum of $175,000 an amount of $25,250 for education in connection with venereal disease.

Then, replying to the hon. member for Regina City, I could, as I have said, discuss at some length the constitutional question. Offhand I would say, however, that whereas it would be possible for the federal government to make additional grants in aid to the provinces for purposes such as this, and to make them constitutionally and practically, I fail to see how we can make available to the provinces for payment to individuals throughout the provinces moneys for the purpose he has mentioned. I should think that kind of payment would lead to all kinds of constitutional and administrative difficulties.

It seems to me that there is a fundamental difference, and that the answer we have given is the right one, namely that the right way to deal with such a matter is by general arrangement to put the provinces in a position where they can discharge their own responsibilities.

Mr. PROBE: There is no hint in anything I have said that additional grants made by the Canadian government should not be to the provinces in the nature of grants for milk for school children. The details could be worked out, if the approach were properly made in the form of an offer from this government. We have made a much greater grant by way of family allowances. We are told that in the next year it will amount to $250 million. It seems that the expenditure depends on what the grant is to be made for. It seems to me that the minister is not logical in what he says.

I approve entirely the principle of a grant to fight venereal diseases, a grant for a national physical fitness programme, and for payment of family allowances, and hope that the list can be extended, because it is only in that way that we can equalize opportunities as between the wealthier and poorer individuals. It seems to me that the minister has not fully answered my question as to the constitutional difficulties.

Mr. SHAW: What I have to say relates specifically to item 215, wherein it is indicated that grants to provinces for assistance in the control of venereal disease have been reduced by $33,000. I must confess I was a little surprised when I read of the proposed reduction. I appreciate fully that the government must be under great pressure to effect economies, but action of this kind must be characterized as nothing short of false economy.

Mr. CLAXTON: I can answer the hon. member at once. The allotment for 1945-46 is shown as $208,300 as against $175,000 for 1946-47. The $33,300 difference was simply to cover

the payment of the amounts outstanding to the provinces from 1944 to 1945. The amount allocated for both periods was the same, $175,000, and it has been the same since 1943 if spread over the years.

Mr. SHAW: The grants were first made to the provinces in 1919 to assist in the control of venereal disease, and then they were progressively reduced until in 1932 they were completely eliminated. When were they resumed?

Mr. CLAXTON: 1943.

Mr. SHAW: Could the minister give us the statistics from 1938 to 1946?

Mr. CLAXTON: I have not the morbidity rates going back that far.

Mr. SHAW: Will those be made available to the committee before we complete these estimates? As I said before, in 1919 the dominion government undertook a policy of making grants to the provinces. In order to qualify, a province had to establish free clinics, free hospital beds for indoor patients, provide treatment to gaol inmates, appoint a specially trained director, all of which was subject to inspection by a federal official. In 1919 the total grant was $180,000. By 1922, all the provinces with the exception of Prince Edward Island had qualified by meeting the conditions I have just stated. If I may repeat, in 1932 the grant was eliminated.

The provinces were left in this position, which has happened in connection with so many federal grants. They were encouraged to establish machinery to meet certain conditions and they banked upon the grant made by the dominion only to find, after the machinery was functioning and could not possibly be done away with—the people demand these services—that the dominion was withdrawing from the field and leaving the provinces to bear the full burden of the cost.

There should not be any reduction this year, next year or the year following in the grants to provinces to assist in the control of venereal disease, unless at the same time it can be said that venereal disease has been wiped out entirely in this country. I realize that health is primarily a responsibility of the provinces; but we have just come through a national tragedy, namely, a war, and we have had to face abnormal conditions in connection with these diseases. Since people migrated from one section of the country to another this has really become substantially a federal responsibility. Let me emphasize what I said a moment ago. I trust that there will be no attempt made, no matter what demands for economy are put forth, to eliminate this federal grant to assist in the control of venereal disease, unless it can be said that veneral disease no longer exists in this land.

Mr. LENNARD: I should like to refer back to the remarks made a few moments ago by the hon. member for Regina City and assure him there is no inconsistency as far as this group is concerned. I wish to assure him personally that when I make any criticism of any department I do so honestly and sincerely and because it is my opinion. Remarks such as his are entirely uncalled for. As far as I am concerned, the members of this group are not hamstrung as are those in his group.

Mr. PROBE: I am very happy to accept the statement of the hon. gentleman, but I would draw his attention to the fact that the Progressive Conservatives were not all of a mind on this.

Mr. BLACKMORE: I expected that the hon. member for Eglinton would follow up his attack on the moral aspect of this venereal disease question, but he appears not to be intending to do that. I find myself somewhat confused by the whole situation. I am not able to gather what the minister conceives to be the moral attack on venereal disease. I could understand his conceiving venereal disease to be the result of a lack of morality in the country and that lack of morality to be owing to a lack of faith in religion and in God and his undertaking to use a method of attack through an educational campaign that would restore the belief of the people in God and Christianity and thereby make the people sense their responsibility to God a little more and refrain from the offences which result in venereal disease.

I can understand some such line of attack as that being a moral attack on the problem, but I must say that apparently the minister has left unsaid the very things that he needed to have said in order that I would be able to see how the speech of Doctor Chisholm, which the hon. member for Eglinton quoted, could have anything to do with the moral attack on the venereal disease question. Perhaps the minister can elucidate the matter for me. I have three questions to ask which will probably assist him.

The first one is: What does the minister mean by a moral attack on the venereal disease problem? Second, does the minister conceive Doctor Chisholm's remarks, as quoted by the hon. member for Eglinton, to be a contribution to the attack on venereal disease on the moral front? Third, the minister has said that Doctor Chisholm is a great scientist; what bearing on the moral aspect of the attack on venereal disease does the minister conceive that fact to have? If the

minister will explain that I probably can get myself correctly orientated in regard to this matter.

Mr. CLAXTON: I am not prepared to develop for the benefit of the hon. member for Lethbridge—

Mr. BLACKMORE: Why not include the committee?

Mr. CLAXTON: —and this committee my concept of morality. I think every hon. member has his own concept and is living up to it as best he can.

Mr. BLACKMORE: That is not a sufficient answer. If a moral attack on venereal disease means anything, it means a moral attack. If remarks are made in the country which tend to destroy the faith of the people in God, in Christianity and in the moral standards which we have had for generations; if those things are being done in a public way and the faith of the people being destroyed, I fail utterly to see how a moral attack is being made on the venereal disease question. I believe a good deal of explanation is due the committee. I represent a constituency in which this is a serious matter, and I believe that a good many hon. members do. What does the minister mean by morals when he speaks of an attack against venereal disease on the moral front? If the minister will explain that, we shall proceed from there.

Mr. FLEMING: The item reads:

Assistance to provinces for control of venereal diseases under regulations approved by the governor in council.

Are those the regulations which were promulgated on April 30, 1946, and which appeared in the *Canada Gazette* on May 18, 1946? They provide, briefly, for a distribution of the grant on the basis of a minimum organizational grant of $4,000 for each province, and the remainder of the grant is apportioned according to population.

Mr. CLAXTON: That is right.

Mr. BLACKMORE: I am not at all satisfied about this matter. I think the people of Canada are entitled to a clear statement as to the significance of some of the speeches that have been made by the deputy minister of health. He might have been speaking in an unofficial capacity, and in so far as he was doing so, well and good. I am not particularly criticizing that gentleman. I am criticizing more the attitude which is being adopted by a good many men who call themselves scientists and who assume things that have never been proved and then proceed to make a great many remarks based on their false assumptions and spread them abroad all over the country, tending to destroy the faith of the people.

My judgment is this. At least I am inclined to believe that there is a lot in this, that the venereal disease which has developed in this country has developed as a result of a deliberate propaganda which has been going on now for something like two generations and which is aimed at the destruction of the faith of the people. I had the privilege of going to university, commencing in 1909 and going on to 1913, and what went on in that university was a long, long way from anything that would be conducive to the building up of faith in God. About all that we were taught faith in was evolution. I have an idea that that sort of thing is going on in most of the universities in this land. Certainly it is being propagated in a good many textbooks and in many of the illustrated lectures and in slides. If this sort of thing goes on throughout the country and no attempt is made on the part of Canada as a whole to offset that tendency, we are just throwing good money down the drain when we attempt to cope with venereal disease.

I do not suppose that hon. members will accept this as a particular authority, but I happen to have in my hand a statement by Henry Ward Beecher, which is of interest in this connection. He says: "Morality without religion has no roots." I am inclined to think that philosophy is just about right. "Morality without religion has no roots."

I said the other day, on June 7, that I believed the people had to return to God, and I think that is one of the very first things to do if we are to make an attack on venereal disease on the moral front. If we do not do that, we are not attacking venereal disease on the moral front.

The minister will remember that on June 7 I asked a number of questions designed to bring out the number of films which were being shown by the national film board and which tended to indoctrinate evolution. I do not know whether the minister has had time to get the answers to questions, I asked that day, but if he has, I should like to have him give the answers now. I asked another set of questions on that same day designed to give him an opportunity of telling how many films the national film board is showing which are designed to increase faith in the bible. If he can tell us that I shall be glad. If we find that there are a good many films tending to establish the evolution concept and very few films tending to establish faith in the bible concept, we can get a pretty

good idea of what the minister and his department mean by a moral attack on venereal disease.

Mr. CLAXTON: Perhaps I had better deal with the hon. member's question with regard to the film board, although it is totally irrelevant to this item, by saying that when the item comes before us I am prepared to deal fully with it. I do not know of any film such as he has in mind.

With regard to his question about the moral front and various other fronts in attacking venereal disease, it is quite obvious that we are doing the job of combating venereal disease through various agencies which are appropriate for each part of the job. With regard to health, that is done through the weapons of modern science, making treatment available, educating people to look after themselves, public health procedure.

Mr. BLACKMORE: That would be the intellectual front, not the moral front.

Mr. CLAXTON: No; that is the health front.

Mr. BLACKMORE: That is intellectual. You would not call that moral.

Mr. CLAXTON: On the health front you find physicians, health nurses, university medical training centres, hospitals, free treatment centres and so on. On the welfare front are the people who work to improve living conditions, social workers, welfare agencies and all the other instruments used to combat squalor and overcrowding, bad sanitation, neglect and insecurity.

On the legal front the aim is to conduct a vigorous, unrelenting and sustained attack in the courts, through the use of the machinery of the courts, and police agencies whose job is to seek out and bring to justice those who for personal gain cater to man's weaknesses. On all these different fronts the agencies appropriate to each are the ones to take action. On the moral front the battle is led by the churches and by the homes of Canada. They work together to inculcate a moral attitude and uphold the sanctity of marriage and of family life.

Mr. BLACKMORE: If that is the meaning of "moral" I believe that every member of this committee will agree that anything that tends to establish the evolutionary theory or the higher criticism attitude toward the bible or to undermine belief in God, Christ or the bible is diametrically opposed to every one of the elements working in the interests of the moral life of the country, because they are opposed to those elements which are working for the establishment of spirituality in the country. I do not wish to labour this point. I believe that there should be a united effort from coast to coast in this country among the people, not among the lawmakers, to reestablish faith in God, faith in the bible, faith in Christianity and to offset the pernicious effects of the evolutionary theory. The evolutionary theory was never more than a theory and, as the days go by, it is being shown more and more to be unfounded in fact. Why, then, should we have our films filled with it, our textbooks filled with it, our university courses filled with it? It is a problem the people must deal with, and as a member of this house I suggest that the people from coast to coast take this matter with great seriousness.

Item agreed to.

National health branch—

216. Distribution of drugs under regulations approved by the governor in council, $50,000.

Mr. FLEMING: Would the minister say a word as to the development of the drug treatment of this disease? There was some discussion last year. There has been much public discussion of the use of penicillin and it may be that the public has been led to expect more of it than it is entitled to. I think the committee would be interested to know what, in the view of the department, has been the progress made with new drug treatments.

Mr. CLAXTON: The purpose of the vote is to distribute arsenicals for the treatment of venereal disease on our basis which has been worked out and stated in the regulations. Arsenicals are used for the treatment of syphilis. I do not think the hon. member would wish me to go into the standard treatment. This vote has been in existence since 1938. Distribution is made to the provinces and it largely meets the need. With regard to penicillin, it is available in increasingly large quantities for all purposes and has proved efficacious in the treatment of one type of disease. It is rapid and its effects a complete cure as far as we know.

Mr. FLEMING: Will this item be used simply for distribution of arsenicals or is any penicillin provided under it?

Mr. CLAXTON: Consideration is being given to the provision of penicillin, but there are reasons which differentiate it from the arsenicals. There are reasons why the arsenicals should be made available through the federal department and penicillin not. We are giving further consideration to the question.

Item agreed to.

National health branch—
218. Dental health division, $56,785.

Mr. FLEMING: This item contains, under the heading of "publicity and information", an increase from $2,000 in the previous year to $30,000. Will the minister give a breakdown? We need not bother with last year's expenditure, but I think we should have a breakdown of the contemplated expenditure under this item for the current year.

Mr. CLAXTON: This division was established late in 1945, and the amount of $2,000 which was sought in the estimates was to cover publicity contingencies, but no complete programme was worked out at that time. The $30,000 is now asked to cover the purchase of two films, one to encourage dental health among children, and the other an instructional film for use of public health nurses and school nurses. That will take up almost the total amount asked for.

Item agreed to.

National health branch—
219. Hospital design division, $72,516.

Mr. BLAIR: The amount has been increased substantially since last year. Is it the purpose of the minister to afford architectural experience or help to municipalities that wish to build a hospital? Is the architect free? Suppose a municipality wanted to build a hospital; would the department advise them and send the architects to look over the plan or to produce a plan.

Mr. CLAXTON: Yes. The hon. member for Lanark has correctly described the purpose of the division. It was created in consequence of a resolution passed at a meeting of the dominion council of health held in May, 1945. That council consists of the deputy ministers of health of the dominion and the provinces and some laymen. The resolution recommended that this department be established and devolped to provide a special service for the purpose of advising the provinces in respect of the planning and building of modern, practical and reasonably priced public institutions including tuberculosis, mental, convalescent, and general hospitals and public health and other clinics, old age homes and so forth, to collect and tabulate and make available all the latest information on the subject, to be prepared to study problems of construction, and to advise on the planning of buildings and the development of minimum standards as a guide for future types of public institutions. That is a very large programme, and it is intended to achieve this through the appointment, which has been made, of a well-qualified architect. He will also concern himself with the devlopment of plans for the department's own hospitals, advise the other departments of the federal government with regard to hospital design, equip himself by looking at hospitals that have already been built, of different types in different parts of Canada, the United States and other countries; and otherwise acquire the knowledge necessary to develop standard types of design and specifications for different sizes and different types of hospitals. These will then be available to any province or municipality or private hospital which desires to build in order to put their plans and specifications in the hands of their own architect, thus enabling him to start with something from which he can work in order to meet the needs of the particular type of hospital and locality concerned. It will be a free service to facilitate the design and construction of hospitals in the various communities. It is important because it is estimated that to fill the needs of Canada there will have to be an amount ranging from $125 million to $200 million of hospital construction over the next ten years. It is thought that this service will be of use in that connection.

Mr. BLAIR: The architect in charge of the building of a hospital will have the benefit of consultation?

Mr. CLAXTON: He will be available and provide typical plans, et cetera.

Mr. BLAIR: He will not do the work himself?

Mr. CLAXTON: No, that would be done by the local architect.

Mr. HAZEN: Have any of the provinces already consulted with this department about the construction of buildings? If so, what provinces have consulted, and what is the type of buildings regarding which they have consulted the dominion?

Mr. CLAXTON: The chief of the division was appointed only on February 25, 1946, and so far has been busily engaged in planning the design of three hospitals for this department, so that he is just beginning to make available material of interest to the provinces. We hope to develop knowledge on the subject quickly.

Mr. HAZEN: Was the $28,150 voted last year all expended?

Mr. CLAXTON: The amount expended last year was $1,268.98. The position could not be filled until the year was practically over.

Item agreed to.

National health branch—
220. Mental health division, $32,285.

Mr. MacNICOL: I wish to support this item and to compliment the minister on increasing it. A short time ago I had occasion to go to the psychiatric hospital in Toronto near Queen's Park to see a friend who I had not known was sick. Apparently the party I have in mind had a mental breakdown. That was the first occasion on which I had to go to such a hospital, and while there I made it my business to inquire, as much as I could, into what the hospital was doing. I had conversations on other visits and learned that Doctor Clarence W. Hincks was the head of the committee on national mental hygiene, in Toronto, perhaps for all Canada. I arranged to get in touch with him because I was anxious to learn as much as I could about the programme of mental hygiene. I had a conference with Doctor Hincks and made a short memorandum consisting of a number of his statements. I shall read four of them. They are as follows:

(a) That one out of every ten persons examined for the armed services was mentally affected or afflicted.

(b) That thirty-five per cent of illness is attributed to mental disorder of some kind;

(c) That there are only ten mental clinics in Canada to take care of the problem;

(d) That the services to combat the problem are inadequate.

He did not blame anybody for that. I gathered that this is more or less a new conception. I gathered that only in the last two or three years has a department really made an effort to deal with the problem.

Mr. CLAXTON: This is the first year.

Mr. MacNICOL: Then what I was informed was correct. I shall re-read (d):

That the services to combat the problem are inadequate.

I am going to deal with each one of these items, but not from any knowledge I have. I was very happy to read almost a complete description of these four headings in the Toronto *Star* of last evening. Here is what the *Star* said in an editorial:

A third of all discharges from the armed forces in Canada were due to psychiatric disabilities.

That bears out what I have been told by Doctor Hincks.

Over ten million persons in the United States require hospitalization for mental illness, but adequate institutions are not available.

[Mr. Claxton.]

That bears out heading (b). I am not reading these remarks consecutively as they are written in the *Star,* but consecutively to suit the headings I have before me. I continue:

It is deplorable that known methods for the cure and prevention of mental disease are not being applied on an adequate scale. Hospitals for mental disorders are many of them understaffed, overcrowded, ill-equipped and in old buildings unsuitable for modern therapy.

In one year the minister, of course, has not had time to overcome such a big problem; but I am glad to know that the programme is greatly expanding and is to be greatly enlarged. I continue with the *Star's* editorial:

If the curative and preventive measures developed during the war were applied many now in hospitals might be restored to normal society; many more might be prevented from requiring institutional care.

When I visited that hospital some few weeks ago I had no notion that mental hygiene was of such importance, or that our mental problem was of such a magnitude. In this connection I read to-day an article entitled "The Problem of Prison After-Care," by J. Alex. Edmison, K.C., executive secretary, prisoners' rehabilitation society of Ontario. In the article I found some interesting figures which bear out what I have already said. The article states:

In the annual report upon the prisons and reformatories of the province of Ontario for 1945 it was shown that during the year 2,810 inmates had been in the Ontario reformatory at Guelph. Of these 10·13 per cent were mental defectives . . .

I am glad the Minister of Justice is in his seat because I shall likely be repeating some of this material when his estimates are up for consideration, particularly in connection with the matter he referred to last year on prison reform. I continue:

Of these 10·13 per cent were mental defectives, 14·04 per cent were borderline, 32·79 per cent dull normal.

The evidence from the prison bears out what I read in the Toronto *Star* article and supports the four headings into which I divided the remarks of Doctor Hincks.

I am happy to notice that this item has been increased. I trust that the programme the minister has in mind will be greatly expanded and that this disease which appears to be a great scourge, something which I had not known of before, or that we had such a great percentage of people who are mental defectives, will be vigorously attacked. I remember what Doctor Hincks said, namely, that if the disease could be caught when people are young the effect of it in after years could be greatly

overcome if not wholly eliminated. Therefore I wish to repeat that this item has my undivided support.

I know nothing whatever about medicine. I am sure the hon. member for Lanark could give a much clearer talk on this subject than I can. I am happy to know that the hon. member for Lanark is a medical man. I am pleased to note that every time he speaks in the house the press gives him wide publicity because they know that he knows what he is talking about. I was also glad to note what the hon. member for Broadview said this evening. He is modest in his statements; but I know that the hon. member for Broadview, who was the mayor of Toronto for seven terms, was the father of the well-known, highly-commended medical department of the city of Toronto. I believe he was responsible for urging the late Doctor Hastings to become the head of that department, and everybody knows that Doctor Hastings did a good job.

I wish to compliment Doctor Hincks who, as I have learned from other sources, devotes his entire time to this work, but not for the remuneration that he gets out of it. I was told by a gentleman who was well acquainted with him that Doctor Hincks was offered a large salary to go to New York and carry on mental hygiene work there, but being a Canadian and a lover of the great city in which he lives he decided to concentrate his life's work to that city. I am sure that the minister knows about that great work. I have heard Doctor Hincks speak very highly of the minister. He has a splendid board supporting him. The president of that board is a man whose name has been mentioned earlier this evening, Major General G. Brock Chisholm. The vice-president is Sir Ellsworth Flavelle, bart. The treasurers are Philip S. Fisher and Fred Page Higgins; the latter is the only one I know, and he is an estimable man. The scientific adviser is Professor D. Ewen Cameron. The medical director is Doctor J. D. Griffin, and there is a long list of eminent men who are directors, whose names I shall not take time to read. Perhaps I should mention one who is no doubt well known to the minister, Mr. Morris W. Wilson, C.M.G., chairman, who I believe, lives in Montreal. The list also includes Mr. Norman J. Dawes, Mr. William F. Angus, and quite a number of others, including Doctor F. Cyril James.

That is all I have to say about this matter. As I said a moment ago, personally I know nothing about it, but I became enthusiastic by what I heard, and I was greatly pleased with the improvement in the health of the person I went to the psychiatric hospital to see. If the psychiatric hospital can do that sort of work, can bring about a restoration such as I saw in the person I went to see, a person well up in years, I have a pretty clear conception of what can be done if this type of illness is treated in time.

Mr. BLAIR: Ontario, in common with the other provinces, takes care of its own mental cases. While it is true there is a shortage of beds for mental cases in this province, still it is a fact that psychiatry is really a new science, and a large percentage of the people going into these mental institutions are cured. They are not called crazy people any more. It is recognized now that people can suffer from mental illness as well as from any other kind of illness. I should like, however, to ask a question of the minister, in view of the fact that the care of mental cases falls on the provinces. Of what benefit will be this amount of $32,000? How is it to be expended by the dominion government in connection with mental illness?

Mr. CLAXTON: The purpose is to make available to the provinces, the municipalities and local institutions technical advice on matters of mental health. The chief of the division is to give a series of lectures to public health institutes, doctors, nurses and so on. Already he has given those lectures in British Columbia, where he gave a two-day institute for workers in Vancouver. The division is to act as a clearing house for the provinces in matters of professional information and to provide them with information as to the availability of personnel for all classes of mental health work. A directory is being prepared. The division will plan, in consultation with the provinces, adequate preventive measures and treatment facilities. It will stimulate parent education across the country by making available literature and other educational material to direct the attention of parents to the advisability of seeing to it that the mental health of their children is looked after as well as their physical health. It will carry on the education of the public. It will encourage research in the field of mental health.

This is not designed to be in any sense a large division. It will have a chief and a clerical staff, and I think that is all. Just one doctor will be available in the way I have described. The situation with respect to mental health is described at some length in the green book, the reference paper, "Health, Welfare and Labour," where full statistics are given showing the incidence of these conditions across Canada and the need for a great deal more work in this field. The proposals of the dominion government

did include a substantial grant for mental health among the health grants which were proposed, which was to be increased to a total of $6,000,000 a year distributed among the provinces in accordance with population. That was to be a conditional grant. This division will work closely with the Canadian council on mental hygiene, to which the hon. member for Davenport referred.

Mr. BLAIR: I am still not clear on the tie-up with the provinces. Since they produce their own personnel for the hospitals, and the psychiatrists, I am not clear on the part played by this division in giving advice on matters of mental hygiene.

Mr. CLAXTON: I thought I gave a full answer.

Mr. BLAIR: There was just the one point, about giving advice to the provinces.

Mr. CLAXTON: The director will be available to give advice. Already in one case, that of British Columbia, he has given a course of lectures on this subject, and I think that illustrates the way in which he will be available. The division will also act in the interchange of information between the provinces, so that they may exchange professional and technical information and information as to personnel.

Mr. FLEMING: Following up that point, did any of the provinces request that this service be provided? As I understand it, this dominion service is of recent origin. How did it come about? Was it at the concerted request of the provinces?

Mr. CLAXTON: In this sense only, that in 1944 the provinces were called into consultation in regard to the health insurance bill then being considered by the social security committee, and that bill provided for health grants, including the mental health grant to which I have referred. After spending three days in Ottawa, the representatives of the provinces made a number of suggestions with regard to those proposals, and then it was understood that they agreed to them. It was quite obvious that the federal government could not arrive at a plan for the distribution of any such sum as four or five, six or seven million dollars to assist in mental health work unless it had its own professional adviser in that field; and at that time the question of such an appointment was considered. As far as I know, that is the only way the provinces might have known this appointment was under way. I think it was implied in the extent of the project which was under discussion.

[Mr. Claxton.]

Mr. MACDONNELL (Muskoka-Ontario): Would it be correct to understand that an attempt is made to avoid duplication of expert opinion? Is there an attempt by the dominion to get experts of different kinds who will not be in any way duplicating the provincial work, so that it might be considered an addition to the field; or might one find there is duplication?

Mr. CLAXTON: I think I can assure the hon. member that there is no duplication; that the functions we have in mind for the various divisions of the department involve no duplication whatever. The various divisions are charged with the work of securing the interchange of information between the provinces. Attached to almost every division in the department there is an interprovincial committee or a committee of professional experts with representatives from each province. In that way the divisions of the federal government provide machinery whereby views are interchanged and plans are coordinated. I have not known of any case in which there has been any duplication at all.

Mr. MACDONNELL (Muskoka-Ontario): Then is it quite clear that the dominion has become a sort of channel of communication between the provinces, and that the provinces find it more convenient to communicate with each other through the dominion than directly; or are there two parallel lines of communication?

Mr. CLAXTON: The fact is that through these agencies such as the dominion council on health, the Canadian council on nutrition, the national physical fitness council, the advisory committees to the division of food and drugs, the conference of workers on venereal disease, people from the provinces meet at Ottawa, exchange views, receive information and give advice. That is the way in which a large part of the work of the department is carried on. That is, we are in communication with them and they are in communication with us. Then the representatives of the provinces or of professional associations meet at Ottawa and exchange views. It is the best way we know of in which the work in different fields can be coordinated throughout Canada. But it is largely the result of consultation and discussion.

Mr. CARDIFF: I do not know whether the same condition applies throughout Canada, but in most county homes I believe at least a third of the cases could be classified as bordering on mental. Is any assistance given in that regard?

Mr. CLAXTON: No assistance is given by the dominion. That was the kind of assistance contemplated in the dominion government's proposals under which grants totalling $7 million might be made, for assistance in providing care for mental cases. That money would have been paid to the provinces, and distributed through various types of institutions within those provinces. But at present there is no such provision.

Item agreed to.

National health branch—
221. Blindness control division, $42,566.

Mr. FLEMING: This item contemplates an increase from $10,520 to $42,566. What expansion in programme will there be?

Mr. CLAXTON: The largest single item is an increase of $19,000 to cover the cost of medical specialists' fees in connection with a survey of blind pensioners, together with the cost of treatment of some of those pensioners whose vision may be benefited by medical or surgical procedure as indicated by the findings of the survey. This is part of a programme we have set under way, under which we hope to find out what proportion of blindness can be prevented or cured by treatment.

In the proposals to the provinces we offered to contribute 50 per cent of the cost of providing treatment, where that treatment might result in preventing or curing blindness, by operation or other means. As it is, we are going to continue the survey so as to find out the causes of blindness, what proportion can be treated, and carry on some test work to see how much it will cost to do a really big job in that field, with the hope of reducing the number of blind people from the substantial number there are in Canada to-day. It is believed that expenditures by the dominion and the provinces on this work would ultimately result in a reduction in the amount of pensions payable to blind persons.

Mr. FLEMING: Will that survey involve original research work? Will that not be done in provincial institutions? We are concerned lest the programme contemplated by the minister's department might result in a duplication of the work now being carried on. How will the proposed expansion of expenditures under the item meet a need not at present being met by work done by the provinces?

Mr. CLAXTON: I believe it is correct to say that at present no one is charged with finding out from medical files what the causes of blindness are, from a statistical point of view. This is largely a statistical operation, but it must be done by doctors. It is believed that this is the only way in which the information can be obtained. The work was started some time ago, and this is for an extension of that work. We hope through this means—the only means we know of—to find out all there is to know about causes of blindness in Canada, and to estimate what proportion might be cured by treatment or operation. This is not a duplication of work being carried on anywhere.

Mr. FLEMING: Is the work being done by persons on the staff of the department, or are expert research workers being retained for the purpose?

Mr. CLAXTON: I do not think the expression "research workers" would be exact.

Mr. FLEMING: Statisticians, then.

Mr. CLAXTON: This $19,000 additional is to provide payment to specialists who will do the survey work.

Mr. FLEMING: Specialists outside the department?

Mr. CLAXTON: Yes.

Mr. MacINNIS: There are six items in the division, and I am not objecting to any of them, because in my view the work supposed to be done is most desirable. The point raised by the hon. member for Eglinton is worthy of consideration. Is there cooperation between the minister's department and the various provincial departments in these matters, or are they matters which are outside provincial departments altogether?

Mr. CLAXTON: The situation is that of the 12,652 known blind people in Canada, some 6,882 were on pension as of January 1, 1946. We have records in the old age pensions office relative to each of those pensioners. Our aim is to go over those records, and also to go over the records of other agencies to find out the causes of blindness in Canada. There is no duplication in the work.

Item agreed to.

National health branch—
222. Tuberculosis control division, $32,051.

Mr. BRYCE: I do not rise to criticize the minister, but rather to appeal to him for support. I was sorry that the dominion-provincial conference failed, because I had hoped that we would receive from that conference some support in the control of this terrible scourge which sweeps the country.

In Manitoba one person dies each twenty-four hours from tuberculosis. That is a heavy deathrate. I have told the house before just how bad it is. When we send tuberculosis-

tested cows to the north country we find that the people give the cows the disease before they are there three months. That is how bad the condition is. I have read in the newspapers where this matter has been discussed by provincial governments, but we find that very little has been done for the control of the disease.

I am pleased to note that another $15,000 is being set aside for that purpose. However, that is not nearly enough. The disease in the northern part of my constituency is spreading like wildfire. I know of one poll consisting of 120 voters. There are about 200 people in the settlement, and it was found that of that number there were seventy-two people infected with tuberculosis. There were twenty-one at home. At the last report eleven were active and probably would require treatment; three needed further investigation and eighteen were reported as having communicable diseases. When you have seventy-two out of 200 people in one little settlement in this condition you can realize how serious it is. This matter was brought up in the Manitoba provincial house by Mr. Hamilton, who represents a northern constituency, and Mr. Richards, but they do not seem to be able to do anything. This is a matter for the dominion to tackle. The dominion will have to step in and do something about it.

I do not want the committee to think I am speaking only about Indians because this is a mixed population. I hope something will be done, because people who go up there and work come back and find that there is something wrong with them. It is so easy to get this disease. I appeal to the minister to try to provide more money to control this disease in the north country, because it is worse there than in the southern parts of the province.

Mr. KNIGHT: I should like to congratulate the minister upon increasing the amount being made available to deal with this scourge of tuberculosis. We have been fighting tuberculosis quite successfully in the province from which I come. Of course, we have no monopoly upon what we are doing, since this is general throughout the country.

I wanted to speak about something not altogether connected with the disease. I should like to draw to the attention of the minister certain privileges which are denied to people confined in sanitaria. I refer to the exercise of the franchise. Prior to the last dominion election this caused considerable trouble in my constituency. The electoral act does not appear to be clear on the matter, and the electoral officers at that particular time seemed unable to give a clear definition of the act. As I say, they did not seem to be sure on the matter, and the information we received at different times prior to the election was quite conflicting. As I understand the act, it provides that people in charitable institutions—I want to protest now against the use of that word—and inmates of sanitaria were to be deprived of the right to vote. As I contended when dealing with citizenship, the right to vote should be irrevocable, and I want to protest as forcibly as I can against the disenfranchisement of anyone unfortunate enough to be afflicted with tuberculosis.

We attempted to have the inmates of a sanitarium in my city enfranchised. We wired the electoral officer several times, and finally we were told that only those who had been in residence for a period of twelve months and had no hope of getting back to their constituencies could vote. We thought that was perfectly clear and we rejoiced when the telegram came through, but it is a sad commentary upon the stupidity of some of the returning officers in this country when I say that they interpreted that to mean that only those could vote who had been in residence for a period of twelve months and were considered to be incurable. After further wiring, we were able to change their minds, and we were permitted to take those people out to vote who had been certified by the doctors to be able to go.

Tuberculosis is not like other diseases and that is one reason why those patients who have been certified by the doctors to be able to do so should be able to go out to vote. I appeal to the minister to use his influence in this particular matter. I see no reason why the electoral act should not be amended to permit or even to compel the setting up of polling booths in these institutions, so that the inmates could vote without sacrificing their comfort or running the risk of aggravating their condition.

Mr. BLAIR: I notice that we have the same situation here as existed in connection with the other matter. When I was discussing the matter of research in tuberculosis two or three weeks ago I got into an argument with the hon. member for Mackenzie. I have here a copy of my local paper, the Perth *Courier*, and the editor has plastered the whole front page with the statement that free tuberculosis clinics are being provided. That is what is being done in Ontario, and they are doing the same thing in Saskatchewan. I cannot see why $32,000 is necessary when the provinces have control of their own tuberculosis campaigns and their own sanitaria.

Mr. CLAXTON: The answer I would give to the hon. member for Lanark is exactly the same answer that I made with regard to mental health. The relation of the medical officer to be appointed with respect to tuberculosis is the same as the relation of the medical officer appointed with regard to mental hygiene. The positions are exactly the same; the divisions set up are similar, and the provisions for salaries are the same.

Mr. BLAIR: Would the medical officer consult with the Ontario department of health? Would he go out to the Lady Grey or up to the Muskoka sanitarium in order to give advice?

Mr. CLAXTON: He would if he were called in, and he would also be available in connection with work in other provinces. It is easy for any persons coming from Ontario to feel that they are able to look after their own health matters. That is so to a marked degree, but the same situation does not apply in some of the other provinces where the need with respect to certain diseases is much greater than that of Ontario. None of these officers would do work on patients in a province, but they would be available to work with the province in a consultative capacity.

Item agreed to.

National health branch—

223. Advertising and labels division, $70,463.

Mr. FLEMING: In this item we have an increase from $13,000 to $70,000. Would the minister indicate just what the programme is that would justify this increase in expenditure?

Mr. MacINNIS: Perhaps the hon. member would allow the minister to tell us just what this item covers, just what this branch of his department does? Perhaps the hon. member for Eglinton knows, but I must plead ignorance and I should like to have the minister explain.

Mr. CLAXTON: The Food and Drugs Act is one of the oldest acts dealing with any matter affecting health which the department has to administer. It antedates confederation. There are extensive provisions in the act to protect the public against fraud and against injury to health, and not only for maintaining a service to ensure the purity of food and drugs but also to review the labelling and advertising of food and drugs. There are provisions in the act and in the regulations made in consequence of the act requiring that all packaged food and drugs be labelled and their contents be shown. These provisions are enforced by the enforcement officers of the division. There is also a considerable amount of work involved in ensuring that the advertising matter does not make unjust or unfair claims. That requires close cooperation with those engaged in the production of food and drugs, and with advertising agencies and others who have to deal with advertising.

This division also reviews all radio scripts advertising food or drugs. It makes the cases on which prosecutions under the Food and Drugs Act for contraventions in respect to labelling and advertising are instituted. During the last year it has been working at a code which it is proposed to discuss with those engaged in the trade, in the hope that they will largely enforce this. It is also assembling a series of administrative decisions on the use that may be made of various words and so as to establish uniform practices by those who want to advertise.

The division has hitherto operated under two or three different branches of the department. Those have been assembled this year in one division, known as the advertising and labels division. That is the reason for the increase. There is also an increase in salaries—

Mr. MACDONNELL (Muskoka-Ontario): You mean that the $13,000 shown for last year is not strictly comparable with the range of work covered by the $70,000 for this year?

Mr. CLAXTON: That is right, but I should add that there is a considerable increase in the provision for salaries, with additional staff.

Mr. MACDONNELL (Muskoka-Ontario): The minister has already pointed out that this thing has been going on for many years now, and we like to think that the work has been conducted reasonably efficiently up to the present time. I was going to ask, therefore, why the item has gone up six times, but that question is not applicable after what the minister has just said. It would, however, be well to know just why it has gone up, and to have figures which are comparable.

Mr. CLAXTON: I will repeat that this division is brought into existence through the assembly in one division of work that has hitherto been carried in various divisions. The first vote that was ever made to this division was $13,000. That was in the supplementaries for last year, but it represents only a portion of the year's work.

Mr. MACDONNELL (Muskoka-Ontario): I do not quite understand. Why are we not given the whole picture? Let me make this comment. I do not want to appear to be quibbling, but we should all face the fact

that when you set up a new department you set up a new kingdom, and a lot of people are continually wanting to extend that kingdom. While these are small amounts, nevertheless we should have a look at them and make sure that we are getting value for these items, and the only way in which we can make sure is to have the figures presented in such a way that we can make a strict comparison and know exactly what is going on. As the hon. member for Vancouver East said the other evening—and I considered it wise—these discussions either mean something or they do not.

Mr. CLAXTON: I shall be glad to get the information for the hon. member.

Mr. BRACKEN: The columns of figures showing the expenditures for last year and this ought to be as strictly comparable as they can be made. From what the minister has just said, these are not strictly comparable so far as this particular item is concerned, and wherever that occurs I think a detailed explanation ought to be made by the minister. Otherwise the comparison set out in the two columns is of no value to us. Where the two columns are not strictly comparable, the first explanation the minister should make is that they are not comparable and are not intended to be. If the different ministers have submitted their estimates in this way I think they ought to look over the figures that have been given to us for, as one hon. member said, either they mean something or they do not. This particular comparison is valueless.

Mr. CLAXTON: Hon. members must recognize that when a new department is formed and takes over the functions of an old department and fits them into the work of the new department, necessary adjustments must be made as it is established. When we planned the work of the department in October, 1944, it was without any administrative staff, and it was not until March 31, 1945, that we were able to establish separate books and begin our own operations. Then the estimates came on in November, 1945, before there was a fully developed administrative staff and before we had had even one full year's operating experience. In view of that, some adjustments were necessary, and these adjustments I am ready to explain. I have answered every question that has been put and I shall be glad to answer any other questions. The item before us is due to the fact that the work which it is proposed to carry on under the advertising and labels division was hitherto carried on by the dominion analyst as part of his functions and with his office and by the director of public health service as part of his functions and with his staff. It was found that the work had developed, and there were complaints from the trade with regard to the efficiency and fairness of administration and the speed with which answers were given. It was felt that it was necessary to establish a new division and this vote is put in for the first time to do that. The explanation that I gave before, that the only time the vote appeared was in the supplementary estimates, being $13,000, is quite correct. If there are any items which appear in this vote of $70,463, which were taken out of the votes for other divisions and appeared under other columns in previous estimates, I shall be glad to let the leader of the opposition know, or on the other hand I shall let him know if this represents an entirely new expenditure over and above the $13,000 put into the supplementaries last year.

Mr. FLEMING: Will the minister bring in the actual expenditures in the last fiscal year on comparable items?

Mr. CLAXTON: Yes, if there are any.

Item stands.

Progress reported.

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

Monday, June 17, 1946.

The house met at three o'clock.

THE PRIME MINISTER

EXPRESSIONS OF WELCOME ON RETURN FROM OVERSEAS

Mr. JOHN BRACKEN (Leader of the Opposition): I am sure all members of the house are glad to see that the Prime Minister's seat is once again occupied by the Prime Minister himself. On behalf of the official opposition I wish to extend to him a cordial welcome back to Canada and to the House of Commons. I am glad to see that he is looking well after his trip. I trust that he has found his trip not only useful but pleasant as well. I may say to him that during his absence we have done our best to keep the government on the straight and narrow path of rectitude, but in that we have been only partly successful. We have saved up a few things for his consideration on his return, among others such minor matters as the budget, redistribution, and so forth. For these reasons I am sure

that those who sit at his back will be as glad as we are in the opposition to welcome him home.

As a matter of interest, the Prime Minister returned on a ship which, according to the papers, carried two thousand brides. I would be the last to offer the Prime Minister any advice in his domestic affairs, and I suppose I would be the last from whom he would accept any such advice, but having failed at least in one respect during his threescore years and ten, I am sure the Canadian people would not have objected had that ship contained two thousand and one brides.

Again let me say on behalf of the official opposition that we cordially welcome the Prime Minister, and we look forward to the report of his visit overseas.

Mr. M. J. COLDWELL (Rosetown-Biggar): It is unnecessary for me to add anything to what the leader of the opposition (Mr. Bracken) has said. We join with him in his welcome to the Prime Minister. We are glad to see him back, and for a change we agree with all that the leader of the opposition said.

Mr. SOLON E. LOW (Peace River): May I join with the two hon. gentlemen who have spoken in welcoming the Prime Minister, and say that I have been looking forward to his return ever since he left, because I am still very much concerned about the hot weather. I am happy he is here again, because it augurs well for some speed in getting through the work of the session, so that we shall not have to sit here through the heat of the summer. We are pleased to see him looking so well.

Right Hon. W. L. MACKENZIE KING (Prime Minister): Mr. Speaker, I need scarcely say I am indeed deeply touched by the welcome extended to me this afternoon on my return from a journey overseas. May I at once thank my hon. friends, the leader of the opposition and the leaders of the other parties who have spoken, for the cordial manner in which they have extended greetings on their own behalf and on behalf of their followers. May I say to the members of my own party, to my colleagues in the government and to our supporters, how delighted I am to be back again helping to share with them in the solution of some of the problems and in helping to bear some of the burdens which they have been carrying exclusively, during the time that I have been away.

I should like to say a word of thanks to the house for giving me the opportunity, which I have had in the last five weeks, of paying a very memorable visit to the old country. The main purpose of the visit hon. members know was to participate in the proceedings of the conference of prime ministers which had commenced some weeks before I left, but which had been adjourned in order to give me the opportunity of joining with the premiers of the other nations of the commonwealth in reviewing situations and problems of common interest. I found that opportunity of exceptional value.

I shall keep in mind the wish expressed by the leader of the opposition (Mr. Bracken) that I should report to the house on the conference at a later and more appropriate stage, but at this moment I should like to express very warmly my appreciation of the many courtesies extended by the government of the United Kingdom, and in particular by the Prime Minister, Mr. Attlee, and the secretary of state for dominion affairs, Lord Addison; also of the courtesies extended by their colleagues, and the facilities that were afforded for gaining first-hand information on imporantant public matters from as many sources as possible during the period of my stay.

My absence covered a period of five weeks. Two weeks were spent in the trip to and fro. I want to express appreciation of the opportunity that was thereby afforded to get a little rest and, while taking the ocean voyage and having the benefit of the sea air for that length of time, to reflect on many questions which are of real concern to us all. The three weeks in London were necessarily very much occupied with the proceedings of the conference and with consultations with different members of the government. During that period I also had the opportunity of witnessing the marvellous victory parade which took place in that city. That parade I believe will prove a line of demarcation between the past and its associations with war, and the future with its outlook for better conditions for human society. I wish all hon. members might have been privileged as I was to witness that parade. From what they have seen in the illustrated papers of views of the mechanized colum, they must realize something of the tremendous power it was necessary for the nations of the commonwealth and allied nations to exert in order to defend freedom and civilization from the enemies who were seeking to overthrow them. Similarly from a view of the marching column one got a fuller appreciation of the tremendous contribution made by the manhood and womanhood of the different free nations toward victory. It has secured the condition we have in the world to-day which, though still one of unrest, is free from actual war. Looking

beneath the surface one could not but feel deeply the tremendous burden mankind seems to have had placed upon its shoulders in the recent past, and could not but wonder what will happen to human society if soon we do not find some way of effecting peace and good will among the nations of the world.

I should like to say a special word about the place our contingents, of the navy, the army and the air force, held in that memorable procession on the occasion of the victory parade. The Canadian contingents were recognized immediately by the multitudes along the streets and were given a wonderful reception. I was never in my life prouder of being a citizen of Canada than as I witnessed that parade, and reflected upon the position which Canada holds in the eyes of other nations as a result of the great part our defence forces have played in preserving the liberty of the world. May I add that I was never more grateful that this country is a member of the great community of nations which constitutes the British commonwealth and empire than I am at this moment, as a result of what I have seen and learned in a more intimate way in the course of this last visit. This is a time when all of us who love freedom cannot be bound together too closely by every possible bond that will cement relations between nations; and we are fortunate indeed in belonging to a great community of free nations which, in free combination with the powerful forces of the United States, have done and will, I believe, continue to do more to preserve freedom than would be possible in any other way.

I am sorry, Mr. Speaker, that on the way overseas or coming back I was not able to improve the opportunity along the lines suggested by my hon. friend, the leader of the opposition. But may I say that while I believe threescore years and ten are something of a handicap, I have not yet lost hope that there may be opportunities of happiness for myself and others, which he apparently so greatly desires should be mine.

I was deeply impressed while away by what I learned of the very serious condition of the world at the present time. It may seem a commonplace in the light of what has been stated from various sources to say it, but one could not participate in conferences such as we had, or have the privilege as was mine of conversing with those who have inside knowledge of the situation, without realizing that at this moment the situation in the world is in some respects as difficult as it has been at any time in history. In England, to appearances at least, there has been some improvement. Outwardly at least the people look better; there is a note of hope, and a happier expression on their countenances. But they know that all the fortitude which was required during the war is still required to carry them through the situation facing them at the present time, and anything that can be done on this side I know will be appreciated over there more than words can express.

May I add that it does seem to me conditions in central Europe are deteriorating rapidly and greatly. Undoubtedly conditions are better in Holland, Denmark and Belgium, but they are still very difficult in France and are terrible in parts of Germany. Unless some means can be found whereby the new world, and countries that have supplies of food and clothing, can furnish those supplies to the people of some of the occupied zones and other parts of Europe, there may be conditions of famine, of strife and of turmoil which will amount to something in the nature of the spread of a new revolution throughout Europe. I think I am not wrong in giving that as an impression—not from what I have seen in Europe, because unfortunately I did not have the chance to pay the personal visit that I had hoped I might, but from what I have gathered from those who have inside information.

The last word I should like to say at the moment is that, as far as one can judge what will go farther than anything else in helping to meet present world conditions is increased production and more effective distribution. The need in Europe to-day is to get industry under way, to get people at work. There is the prospect of a good harvest, but in some areas it has been impossible thus far to find any means whereby large numbers who should be employed can be given work, because of lack of fuel, food and transportation. Anything that can be done in the world to-day to furnish the necessities of life to those parts of Europe which are in dire need will not only mean salvation for them, but may well be in the nature of salvation for the world as a whole.

STANDING ORDERS

Third report of the standing committee on standing orders.—Mr. MacLean.

CANADIAN NATIONAL RAILWAYS

ACQUISITION OF MANITOBA RAILWAY

Hon. LIONEL CHEVRIER (Minister of Transport) moved for leave to introduce bill No. 194, respecting Canadian National Railways and the acquisition of the Manitoba Railway.

He said: Mr. Speaker, by virtue of this bill the Canadian National Railways seeks authority from the house to purchase the Manitoba Railway. The Manitoba Railway is an amalgamation of The Northern Pacific and Manitoba Railway company, the Winnipeg Transfer Railway company, the Portage and Northwestern Railway company and the Waskada and Northeastern Railway company. In the year 1901 these railway companies, the names of which I have just mentioned, leased to the crown in the right of the province of Manitoba their railways and undertaking, for a period of 999 years. The lease was afterwards assigned by the province of Manitoba to the Canadian Northern Railway company; and the Canadian Northern Railway company is part of the Canadian National Railways. One of the terms of the lease referred to in 1901 provided for payment of an annual rental of $300,000 per year. That has been paid by the Canadian National Railways, since its purchase of the assignment of the lease.

The lease also contained an option to purchase the railway for $7 million, and the Canadian National Railways now seek the right, by virtue of the assignment of the lease, to purchase the railway at the price mentioned. This purchase will mean a substantial saving to the Canadian National Railways, and a consequent reduction in its fixed charges. The committee on railways and shipping, in its consideration of the 1946 budget of the Canadian National Railways, approved the expenditure of this money.

Mr. BLACK (Cumberland): Has the minister considered the purchase of the Cumberland Railway and Coal company, operating from Springhill to Parrsboro in Nova Scotia, and the Maritime Power, Coal and Railway company, from Maccan to Joggins in Nova Scotia?

Mr. CHEVRIER: The bill has no reference to the matter the hon. member has mentioned. It seeks power only to purchase the Manitoba Railway, which has some 353 miles of line, as its undertaking.

Motion agreed to and bill read the first time.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

*EMIGRATION TO UNITED STATES

Mr. McLURE:

1. How many persons left Canada during each of the past six months to take up domicile in the United States of America?

2. How many from each province during each of the past six months?

Mr. GLEN: There is no record kept in the department in this connection, so far as Canadians are concerned; therefore I cannot furnish the information.

EXPORT OF ELECTRIC ENERGY

Mr. CHURCH:

How much direct electric current generated in Canada is annually exported (a) under treaty; (b) under agreement to the United States?

Mr. CHEVRIER: There is no direct electric current exported to the United States.

PURCHASE OF PROPERTY IN WENTWORTH COUNTY

Mr. LENNARD:

1. Did the government buy any property or properties in West Flamborough township, Wentworth county, Ontario, during the past several years?

2. If so, from whom were the properties bought and what prices were paid?

3. Have any of these properties since been disposed of by the government?

4. If so, what property or properties and what did the government receive in payment for the same?

Mr. TUCKER: Mr. Speaker, the hon. member asking the question has indicated that he is interested in the answer only in so far as it affects the Department of Veterans Affairs. The answer has been prepared accordingly, and is as follows:

1. Yes.

2. Vendors: W. Geo. Anderson; Theron Cosby; Sanford Jamieson; B. Alaire; Donald E. Kingsbury; Charles James Symonds; Lorne C. Sparham; W. L. Nicholson; Mrs. E. McGorman; Herbert Smith; J. W. Mann; Mrs. Elizabeth Goodbrand; Howard Bertrand.

3. Yes.

4. All but the first two properties referred to in the answer to part two have been disposed of to veterans in accordance with the provisions of the Veterans Land Act.

INCOME TAX—FARMERS

Mr. CASTLEDEN:

1. How many farmers have filed income tax returns in each province in each of the years from 1930 to 1945?

2. How many farmers have been assessed income tax in each of the provinces for each of these years?

Mr. McCANN: The information requested is contained in the following schedule. The record of the number of farmers' returns filed extends back only to 1937.

Number of Farmers Filing Income Tax Returns and Number Assessed with Tax by Provinces and Fiscal Years

Province	Number Filing Assessable Returns	Number Filing Non-Assessable Returns	Number Assessed With Tax	Number Filing Assessable Returns	Number Filing Non-Assessable Returns	Number Assessed With Tax
	1944-45 Fiscal Year			1943-44 Fiscal Year		
Prince Edward Island	191	298	82	75	151	70
Nova Scotia	222	147	83	133	161	25
New Brunswick	37	66	44	74	155	41
Quebec	93	707	251	370	950	129
Ontario	4,544	24,352	4,000	4,029	12,956	1,234
Manitoba	7,614	18,350	5,562	3,027	18,721	1,903
Saskatchewan	10,113	22,759	3,465	8,015	9,809	2,450
Alberta	3,792	6,259	1,316	2,811	4,260	1,060
British Columbia	2,523	2,521	911	1,713	1,381	659
Canada	29,129	75,459	15,714	20,247	48,544	7,571
	1942-43 Fiscal Year			1941-42 Fiscal Year		
Prince Edward Island	32	254	12	30	135	12
Nova Scotia	116	123	17	49	91	0
New Brunswick	24	165	11	40	112	(X)
Quebec	128	318	72	180	193	49
Ontario	2,204	5,004	784	1,818	3,728	239
Manitoba	618	7,082	392	319	4,399	107
Saskatchewan	2,299	5,585	1,544	2,088	9,872	666
Alberta	1,424	2,540	497	1,681	3,056	275
British Columbia	669	1,156	240	570	920	140
Canada	7,514	22,227	3,569	6,775	22,506	1,488
	1940-41 Fiscal Year			1939-40 Fiscal Year		
Prince Edward Island	8	28	4	8	28	13
Nova Scotia	31	74	13	21	76	29
New Brunswick	5	71	(X)	4	53	(X)
Quebec	30	90	18	31	87	33
Ontario	596	2,916	569	514	2,056	671
Manitoba	53	3,882	186	60	2,301	157
Saskatchewan	589	7,329	437	77	1,256	123
Alberta	666	1,729	575	545	1,446	644
British Columbia	157	664	67	95	269	51
Canada	2,135	16,783	1,869	1,355	7,572	1,721
	1938-39 Fiscal Year			1937-38 Fiscal Year		
Prince Edward Island	4	38	4	8	38	7
Nova Scotia	17	135	19	27	142	22
New Brunswick	3	51	(X)	9	46	(X)
Quebec	41	82	6	28	67	12
Ontario	590	2,530	540	378	1,771	382
Manitoba	97	2,474	101	51	1,166	48
Saskatchewan	47	791	103	132	2,134	180
Alberta	399	1,433	474	238	1,229	285
British Columbia	113	288	62	135	255	64
Canada	1,311	7,822	1,309	1,006	6,848	1,000

[Mr. McCann.]

Province	Number Filing Assessable Returns	Number Filing Non-Assessable Returns	Number Assessed With Tax	Number Filing Assessable Returns	Number Filing Non-Assessable Returns	Number Assessed With Tax
	1936-37 Fiscal Year			1935-36 Fiscal Year		
Prince Edward Island	3	29	5			6
Nova Scotia	25	99	16			16
New Brunswick	3	47	(X)			(X)
Quebec	22	66	11		Not	9
Ontario	406	1,459	325		Available	259
Manitoba	16	561	31			41
Saskatchewan	126	1,406	142			96
Alberta	287	1,138	344			220
British Columbia	63	294	47			47
Canada	951	5,099	921	620	4,776	694

	Number Assessed With Tax					
	1934–35	1933–34	1932–33	1931–32	1930–31	1929–30
Prince Edward Island	7	(X)	4	14	41	44
Nova Scotia	7	5	5	7	35	8
New Brunswick	4	(X)	—	6	4	7
Quebec	(X)	8	8	15	31	34
Ontario	191	130	113	161	183	223
Manitoba	22	11	14	27	131	196
Saskatchewan	38	29	32	144	994	1,304
Alberta	124	63	42	227	803	764
British Columbia	23	16	31	52	54	46
Canada	416	262	249	653	2,276	2,626

(X) Less than 3 taxpayers, grouped to conceal identity.

GYPSUM PRODUCTS

Mr. KNOWLES:

1. Has any government assistance been given to manufacturers of plaster board and/or products having a gypsum or lime base?

2. If so, is such assistance still being given?

Mr. MAYHEW:

1. The wartime prices and trade board is contemplating assistance to manufacturers of plaster board and/or products having a gypsum or lime base but Commodity Prices Stabilization Corporation Ltd. has not yet been authorized to give assistance.

2. Answered by No. 1.

WARTIME PRICES AND TRADE BOARD—SUBSIDIES

Mr. McGREGOR:

What amount of money to date, by provinces, has been paid as subsidy under the Wartime Prices and Trade Board?

Mr. MAYHEW: Because Commodity Prices Stabilization Corporation Limited finds it administratively impossible to keep a breakdown by provinces of subsidies paid, this information is not available.

WARTIME PRICES AND TRADE BOARD

Mr. LOCKHART:

1. How many people were employed by the wartime prices and trade board at January 1, 1946?

2. What was the monthly cost of the wartime prices and trade board for salaries, fees expenses, etc., at that date?

3. How many people were employed by the wartime prices and trade board at June 1, 1946?

4. What is the monthly cost of the wartime prices and trade board for salaries, fees, expenses, etc., at this date?

Mr. MAYHEW:

1. 5,678.

2. Salaries, fees, expenses, etc., month of December, 1945, $908,553.51.

3. 5,106.

4. Salaries, fees, expenses, etc., month of May, 1946, $842,626.51.

CENTRAL MORTGAGE AND HOUSING CORPORATION—D. B. MANSUR

Mr. HODGSON:

1. What is the age of D. B. Mansur, president of Central Mortgage and Housing Corporation?

2. What experience has he had to qualify him for this position?

Mr. McILRAITH:

1. D. B. Mansur, President of the Central Mortgage and Housing Corporation, is 40 years of age.

2. D. B. Mansur is a graduate of the university of Manitoba and in an Associate of the Actuarial Society of America. He was an officer of the Mortgage Department of the Sun Life Assurance Company of Canada and has a knowledge of practical mortgage administration both farm and urban in all parts of Canada. He was appointed general superintendent of the Central Mortgage Bank in 1939. During the war D. B. Mansur served as assistant to the chairman of the foreign exchange control board and assistant chairman of the national war finance committee.

CENTRAL MORTGAGE AND HOUSING CORPORATION—N. A. YOUNG

Mr. HODGSON:

1. What is the age of N. A. Young, vice-president of the Central Mortgage and Housing Corporation?

2. What experience has he had to qualify him for this position?

Mr. McILRAITH:

1. H. A. Young, C.B., C.B.E., D.S.O., vice-president of the Central Mortgage and Housing Corporation, is 48 years of age.

2. H. A. Young holds a Bachelor of Science degree from the university of Manitoba in electrical engineering, graduating in 1924. He obtained a commission in the Royal Canadian Signals and for a number of years was concerned with the installation of radio stations in the western Arctic and northern Manitoba and Saskatchewan. He served overseas on active service in both world war I and II. During world war II he held various important staff appointments and commanded an infantry brigade in the Normandy operations. He held the appointment of Quartermaster-General of the Canadian Army in Ottawa from September, 1944, until his recent retirement on March 31, 1946.

GREAT LAKES SHIPPING

Mr. CHURCH:

1. Was any recent request received by the government or any officer thereof, from any person or persons in Toronto, or from the municipal authorities there, regarding the operation of coal, grain and marine shipping on the great lakes and St. Lawrence river, to aid the domestic fuel and grain situation?

2. If so, from whom; when and to whom was it addressed, and what was the text thereof?

3. Was any reply given thereto by the government or any officer thereof? If so, by whom?

[Mr. Hodgson.]

Mr. MITCHELL:

1. Yes.

2. From His Worship Mayor R. H. Saunders, addressed to the Minister of Labour on June 7. The text of Mayor Saunders telegram was as follows:

"In my opinion a national emergency is being created by the seamen's strike. For the last 24 hours I have endeavoured to communicate with Alderman Ferguson, vice-president of the seamen's union, seeking his co-operation to have the grain and coal boats operate. As you know, prior to the strike, there was already a grave situation with regard to the shortage of coal. This is, of course, becoming increasingly serious and presents a dangerous situation for the people of this and other cities throughout the dominion and next winter.

Last year, 1,735,000 tons were delivered to this city by ship, of which 418,849 tons arrived prior to June 6, 1945. My information is that so far this year we have received only 97,440 tons. I am further advised that scores of thousands of tons are waiting to be placed on the boats. I am also informed there is no way in which the shortage to date can be made up.

Realizing these conditions and looking forward to extreme difficulty the coming winter season for the people whom I represent I ask most emphatically that our government take over and operate the ships carrying grain and coal so that our people will be assured of at least some protection during the coming months and particularly during next winter.

I would be pleased with an immediate reply."

3. Yes; on June 8 and June 11 by the Minister of Labour.

VETERANS AFFAIRS—HOUSING—ANCASTER, ONT.

Mr. LENNARD:

1. How many houses are being built by the Department of Veterans Affairs in or near Ancaster, Ontario?

2. How many applications have been received for these small holdings?

3. How many houses have been completed?

4. How many of these completed houses are now occupied?

Mr. MACKENZIE:

1. 95.

2. 28 applications received specifying Ancaster; 112 specifying Hamilton.

3. 17.

4. None.

LABOUR CONDITIONS—WAR LABOUR BOARD—BROTHERHOOD OF RAILWAY CARMEN

Mr. HARKNESS:

1. Has the railway association filed a rebuttal to the brief filed with the national war labour board on February 13, 1946, by the brotherhood of railway carmen of America?

2. If not, why has the railway association not been required to file this brief within thirty days?

3. What steps is the Minister of Labour taking to settle this dispute?

Mr. MITCHELL:

1. Application referred to is incorporated with a general application by division No. 4, railway employees department, to which application the reply brief of the railway association has been received by the national war labour board and has been forwarded to division No. 4, railway employees department for rebuttal in accordance with usual procedure.

2. Answered by No. 1.

3. Answered by No. 1.

BEEF—CEILING PRICES

Mr. CHURCH:

1. Has the Administrator of Meat and Meat Products yet met a representative group of meat dealers from all parts of Canada regarding the suspension of the wholesale ceiling prices on red and blue brand beef?

2. If so, when and where was the conference held, and with what result?

3. Will any compensation be allowed meat dealers in view of the suspension of the wholesale ceiling price?

Mr. MAYHEW:

1. Yes.

2. Ottawa, June 12, 1946. There was a full discussion and exchange of views, but no final decisions were reached.

3. If any change in the ceiling price structure is decided upon, it will be announced in due course.

DAY NURSERIES

Mr. CHURCH:

1. Has the government received any communication from any municipality with reference to continuing financial aid for day nurseries in the larger cities?

2. If so, what municipalities have asked for the continuance?

3. What action has been taken on such requests?

Mr. MITCHELL:

1. Yes.

2. Toronto, Hamilton and St. Catharines.

3. Letters have been sent to the mayors in each city stating that the government has given consideration to the requests for extension of financial aid to day nurseries but has decided to discontinue assistance after June 30, 1946. The Ontario government had been notified previously that the dominion contribution would cease on March 31, 1946. However, because of representations made by the province of Ontario the period was extended to June 30, 1946. It is the considered opinion of the government that ample notice has been given and it has been decided not to grant a further extension.

QUESTIONS PASSED AS ORDERS FOR RETURNS

CANADIAN NATIONAL RAILWAYS—SASKATOON AREA—LAY-OFFS

Mr. KNIGHT:

1. Have any men been laid off by the Canadian National Railways in the Saskatoon territory since November 1, 1945?

2. If so (a) how many; (b) how many are veterans of the recent war?

3. Have any veterans of the recent war lost their positions in that territory since the date mentioned through losing their seniority with the railroad on account of re-classification? If so, how many?

SERVICE PERSONNEL—RETURN OF DEPENDENTS TO UNITED KINGDOM AND EUROPE

Mr. FRASER:

1. What action is the government taking with regard to the return to the United Kingdom and Europe of wives and children of returned service personnel who have incurred marital difficulties?

2. Under what circumstances, if any, does the government assume the expense of sending dependents of returned service personnel back to their homes?

PRINCE ALBERT NATIONAL PARK

Mr. KNIGHT:

1. How many bungalows or cabins are there in Prince Albert national park?

2. Are any of these bungalows or cabins sublet by the owners?

3. If so, what is the price range per month and per week?

4. Who are the owners of main bungalow concessions, and what are the amounts paid to the government by each of them?

5. How many bungalows or cabins were built during the recent war?

6. At what rates (a) monthly; (b) weekly; (c) nightly, are these bungalows or cabins usually rented?

7. Are any concessions held in the names of Stephenson and/or Sanderson?

8. If so, what is the extent of such holdings?

9. What fees are paid to the dominion government for them?

VETERANS AFFAIRS—OPTICAL WORK

Mr. LACOMBE:

1. What are the specifications of the Department of Veterans Affairs for first quality toric lens?

2. How long does a veteran have to wait for a pair of glasses prescribed through the Department of Veterans Affairs?

3. Has the Department of Veterans Affairs discontinued the inspection of optical works? If so, for what reason?

4. What facility has a specialist to examine the quality of optical work?

5. What is done by the department for the veteran who does not get proper glasses?

6. What action is taken by the Department of Veterans Affairs in connection with inspection of optical work of veterans?

7. Has the department received any complaints from veterans as to delivery of their glasses?

8. What are the reasons given by the director of prosthetic services for not making inspection?

9. How many test checks of optical work have been made at the Montreal Military hospital during the period, March 1 to May 1, 1946?

10. What qualifications are required of an optical firm recognized by the Department of Veterans Affairs?

CANADIAN INFORMATION SERVICE

Mr. FRASER:

1. What publications were issued by the Canadian Information Service during 1945?

2. What publications have been issued during the first five months of 1946?

3. How many are employed by the Canadian Information Service?

4. What was paid in wages, or salaries, to these employees during 1945?

5. Were any speakers sent out by the Canadian Information Service during 1945?

6. If so, who were these people?

7. What expenses, if any, were allowed each one of them?

OLD AGE PENSIONS—NORTHWEST TERRITORIES

Mr. KNOWLES:

1. How many persons in each of the provinces and in the Northwest Territories were receiving old age pensions as at the latest date for which this information is available?

2. What was the average monthly payment in each province at said date?

3. Does this monthly average include any supplementary amounts paid by the provinces?

4. What supplementary amounts are paid, and what other special provisions are made, by the various provinces?

BLIND PENSIONS—NORTHWEST TERRITORIES

Mr. KNOWLES:

1. How many persons in each of the provinces and in the Northwest Territories were receiving blind pensions as at the latest date for which this information is available?

2. What was the average monthly payment in each province at said date?

3. Does this monthly average include any supplementary amounts paid by the provinces?

4. What supplementary amounts are paid, and what other special provisions are made by the various provinces?

[Mr. Lacombe.]

COMPULSORY SAVINGS

Mr. MOORE:

1. What total amount of money accrued to individuals under the government's compulsory savings plan during the war?

2. On what date does refunding of these savings begin?

3. Over what period of time will refunding continue?

OLD AND NEW FORT, STANLEY BARRACKS, TORONTO

Mr. CHURCH:

1. Has the government deeded the Old and New Fort at Toronto to the city of Toronto?

2. If so, when and on what terms?

3. Has the government received any application to use the Old Fort and the New Fort at Stanley barracks for exhibition purposes?

4. If so, what answer did the government give to the application?

5. Will the policy of preserving these two forts as historic sites be continued?

POSTAL SERVICE—RAILWAY MAIL BRANCH

Mr. LENNARD:

1. How many appointments (a) probationary; (b) permanent, have been made by the postal department to the railway mail service branch since January 1, 1944?

2. How many of these (a) probationary; (b) permanent appointments, were made to men (1) with overseas service in the last war; (2) service in Canada in the last war?

SOY BEANS

Mr. WHITE (Middlesex East):

1. How many bushels of soy beans have been imported into Canada during each of the years 1940 to 1945 inclusive?

2. By what companies have they been imported?

3. What price have these companies paid for soy beans each year?

4. What subsidy per bushel has been paid in each year?

5. What was the ceiling price on Canadian-grown soy beans in each of the years 1940 to 1945?

CANTEEN FUNDS

Mr. GILLIS:

1. Has the government taken any action to implement the special committee's report on canteen funds presented to the house in July, 1942?

2. If so, was a board appointed to control and supervise profits?

3. What are the names and rank of the personnel of the said board?

4. Has the government set up provincial boards to work under the direction of the central supervising board? If so, what are the names and rank of the personnel of the different boards in the respective provinces?

5. Have arrangements been made by units and formations to pay to the central supervisory board all canteen funds on hand on the cessation of hostilities?

6. What amount of money has the different branches of the service handed over to the central supervisory board or paid into the consolidated revenue fund (a) army; (b) air force; (c) navy?

MOTION FOR PAPERS

SPEECHES OF MAJOR-GENERAL CHISHOLM

Mr. POULIOT:

For a copy of all speeches dealing with education and made by Major-General G. Brock Chisholm, of Ottawa, since his appointment as Deputy Minister of National Health and Welfare for Canada.

Mr. CLAXTON: On inquiry from Doctor Chisholm I find that the only speech of which he has notes was given on October 29, 1945 and it has since been published. It was given as a professional man to a professional audience without his representing the government or the department. It is submitted that under standing order 51 matters that are required to be produced are those relating to public business and obtainable through public authority but not available in published form.

Mr. POULIOT: All the others were made through his hat.

Question dropped.

ATOMIC ENERGY

PROPOSAL OF UNITED STATES DELEGATE TO COMMISSION—CONSULTATION WITH OTHER GOVERNMENTS

On the orders of the day:

Mr. GORDON GRAYDON (Peel): I should like to direct a question to the right hon. Minister of Reconstruction and Supply, as well as to the former acting Secretary of State for External Affairs (Mr. St. Laurent). Was the reported offer of the United States delegate to the atomic energy commission to scrap the atomic bomb monopoly in exchange for a guaranteed world front outlawing the weapons of mass destruction made after consultation with the other two governments including Canada who are in possession of the secrets of atomic energy?

Right Hon. C. D. HOWE (Minister of Reconstruction and Supply): While there have been numerous informal discussions between the officials of Canada and the United States on questions relating to the international control of atomic energy, there was no specific consultation with the Canadian government on the precise terms of the proposal put before the atomic energy commission by the United States representative.

Mr. GRAYDON: May I ask the minister if, having read the proposal, the Canadian government is prepared to report on it?

Mr. HOWE: I assume that the situation will receive the consideration of the government in due course.

UNITED NATIONS

BILL OF HUMAN RIGHTS FOR INCORPORATION IN PEACE TREATIES

On the orders of the day:

Mr. GORDON GRAYDON (Peel): I desire to ask another question. When I drew up this question I was not sure that we should be favoured to-day with the presence of the Prime Minister, and I sent notice of it to the Minister of Justice. I shall direct my question now to the Secretary of State for External Affairs. The drafting committee of the united nations economic and social council is reported on Saturday last to have strongly approved a bill of human rights for incorporation into peace treaties with enemy countries. Since Canada has a seat on the council, what position is the Canadian delegate taking with respect to the matter?

Right Hon. W. L. MACKENZIE KING (Secretary of State for External Affairs): My hon. friend's question was referred to me. While Canada is a member of the economic and social council, I have been informed that the council has not yet received the report from the drafting committee and therefore there has not been an opportunity thus far to consider the contents of the report or the attitude in consequence which Canada should take with reference to the provisions of the bill referred to.

Mr. GRAYDON: Have any instructions gone forward on this point to the delegate?

Mr. MACKENZIE KING: As I say, the draft has not yet been received from the drafting committee. As soon as it is received, instructions will go forward.

COAL

FINANCIAL AID TO OPERATORS TO INCREASE PRODUCTION

On the orders of the day:

Mr. J. H. BLACKMORE (Lethbridge): I should like to direct a question to the right hon. Minister of Reconstruction and Supply. Will the minister make a statement to the house at an early date indicating how many Alberta coal mine operators have sought financial aid from federal government agencies in order to increase production, and whether or not such financial assistance has been refused?

Right Hon. C. D. HOWE (Minister of Reconstruction and Supply): I shall be glad to consider the question and make a statement in due course.

Mr. FULTON: Will the minister include British Columbia in the statement that he is to make?

Mr. HOWE: I shall be glad to do that.

BUILDING MATERIALS

QUESTION OF PRODUCTION BY FEDERAL GOVERNMENT

On the orders of the day:

Mr. D. M. FLEMING (Eglinton): I should like to ask the right hon. Minister of Reconstruction and Supply if the government is contemplating the manufacture of soil pipe or other building materials?

Right Hon. C. D. HOWE (Minister of Reconstruction and Supply): I presume the question is whether the government itself intends to go into the business. The answer is no.

SHORTAGE OF CEMENT IN SOUTHERN ALBERTA

On the orders of the day:

Mr. J. H. BLACKMORE (Lethbridge): I should like to direct a question to the Minister of Finance which has to do with the supply of cement. I suppose it should be put to him because I understand the wartime prices and trade board has charge of the matter. Will the Minister of Finance make a statement at an early day explaining why there is a shortage of cement in southern Alberta and whether such a shortage extends into other areas of western Canada?

Right Hon. J. L. ILSLEY (Minister of Finance): I am not sure that this is a proper matter on which to make a statement on the orders of the day. If too many statements are made on subjects of this kind, we shall be spending half the afternoon making them. I shall be glad to look into the question and give my hon. friend any information I can get.

LABOUR CONDITIONS

BOX FACTORIES AND COOPERAGE PLANTS IN BRITISH COLUMBIA

On the orders of the day:

Mr. G. A. CRUICKSHANK (Fraser Valley): I should like to direct a question to the Minister of Labour, in view of the statement just made by the Prime Minister about the necessity of conserving food. Are the box factories and cooperage plants in British Columbia operating to-day? If not, is the Minister of Labour aware that Mr. E. Dalskog, international board member of the I.W.A. union, offered on June 14 to reopen the box plants—

[Mr. Howe.]

Mr. SPEAKER: Order. The purpose of asking a question on the orders of the day is to get information from a minister. A member in putting a question is not supposed to give information.

Mr. CRUICKSHANK: All right. Will the factories be opened to-day under a controller in order to conserve food?

Mr. MITCHELL: The answer to the first question is no. The answer to the second question is no. The answer to the third question is that consideration will be given to the subject matter of my hon. friend's inquiry.

Mr. CRUICKSHANK: When—next year?

JAPANESE IN CANADA

REPATRIATION TO JAPAN—SAILINGS FROM VANCOUVER

On the orders of the day:

Hon. HUMPHREY MITCHELL (Minister of Labour): I wish to advise the house that yesterday, June 16, a ship sailed from Vancouver for Japan with 1,106 Japanese repatriates on board. This number combined with the first boatload of 668 persons who sailed on May 31, brings the total of Japanese repatriates who have left Canada to 1,774.

I should add that since these two sailings were arranged several hundred more Japanese in settlement in British Columbia have asked to be repatriated on the same basis, and that efforts are now being made to obtain shipping accommodation for them.

FOREIGN EXCHANGE CONTROL

STATUTORY AUTHORITY FOR ORDERS IN COUNCIL PASSED UNDER WAR MEASURES ACT

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

That it is expedient to present a measure to make statutory provision for foreign exchange control now exercised under the authority of orders in council passed under the War Measures Act and for that purpose, inter alia, to (a) continue the special exchange fund in the name of the Minister of Finance established under the Exchange Fund Act; (b) establish a foreign control board which will be the successor of the existing foreign exchange control board and have power, under the direction and control of the Minister of Finance, to regulate and control transactions in foreign currencies and related transactions and to manage and operate the exchange fund account; (c) authorize the Minister of Finance to make advances to the exchange fund account out of unappropriated moneys in the consolidated revenue fund on such terms and conditions as the governor in council may prescribe; (d) authorize the payment out of the exchange fund account of such remuneration to authorized dealers as the governor in council may prescribe.

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

Mr. ILSLEY: I have a lengthy statement to make on this matter,—

Mr. BRACKEN: Would the Minister of Finance permit a question before he starts?

Mr. ILSLEY: Yes.

Mr. BRACKEN: What is the desire of the minister with respect to this particular measure?

Mr. ILSLEY: I was about to make a suggestion to the committee. As I say, I have to make a long statement at the outset because the bill to be based on this resolution deals with a very important matter, and it is a long bill. If the course is taken which would be most agreeable to me, it will be this: I will make my statement, and as soon as possible afterward, preferably at the conclusion of my statement, the resolution can be reported so that I may introduce the bill and have it given first reading. The house will then have before it the statement, with the table which I shall place on *Hansard,* and will also have before it the bill. An opportunity should then be given of perhaps a few days or even longer for study of the facts that I have to place before the house. Then we can take up the second reading. That is the course I suggest, but naturally it is not for me to say.

Mr. BRACKEN: I understood that the minister was willing to have this bill go before a committee of the house. Is he willing that it should go to the committee before the second reading?

Mr. ILSLEY: I do not think that course should be taken on a bill such as this. Rarely a small or unimportant bill is referred to a committee without first approving the principle, but I think the principle of a bill as important as this should be approved before it goes to the banking and commerce committee. When it comes back from that committee there will be opportunity to amend it in the committee of the whole and, on the third reading, to defeat it, or move the six months' hoist, if anyone desires to make such a motion. After the second reading I am suggesting that the bill be referred to the banking and commerce committee, as was done with the Bank Act.

Mr. BRACKEN: After second reading?

Mr. ILSLEY: After second reading, yes.

Mr. BRACKEN: So far as the official opposition are concerned we shall be glad to facilitate passage of the measure up to the second reading, on the understanding that there will be an opportunity for study of the bill before the debate on the second reading begins.

Mr. ILSLEY: I shall not move the second reading for a few days, because there ought to be an opportunity for hon. gentlemen to study the bill. But I think it is important to get through all these early stages, and I cannot do that without making an extensive speech on the resolution.

Mr. BRACKEN: That is satisfactory.

Mr. BLACKMORE: It is well understood that when a measure of this kind is going through the resolution stage there is a wide opportunity for hon. members to ask questions.

Mr. ILSLEY: Yes.

Mr. BLACKMORE: Is the minister in a position to guarantee that we shall have an opportunity to ask the questions, whether or not we take time to do it on the resolution?

Mr. ILSLEY: My suggestion would be that the questions be asked in the banking and commerce committee. That is by far the best place to ask questions. This is a most inappropriate stage at which to answer, if not to ask, questions on a measure of this kind, because the bill itself is not before the house. It is a 74-section bill. There can be any amount of debate on the second reading—although I hope there will not be any—and every opportunity to ask questions when the bill is taken up section by section in the banking and commerce committee.

Mr. COLDWELL: I think the suggestion made by the minister and approved by the leader of the opposition is one that should be followed. Obviously this afternoon we are to have a long statement from the minister on a highly important bill, with much technical detail behind it, if not in the statement itself. It seems to me that when we see this 74-section bill we shall be in a much better position to ask questions about it. It is also usual for the house to adopt the principle of a bill before it goes to a committee, where modifications may be made. I am in favour of the procedure outlined by the minister, that he make his statement, that the bill be then given first reading, and that an opportunity for study of the bill be given before the second reading is proceeded with. After second reading, the bill, I understand, will go to the banking and commerce committee.

Mr. ILSLEY: Mr. Chairman, the purpose of this legislation is to provide for the continuance of foreign exchange control. As the committee is aware, exchange control has been in operation in Canada since September 15, 1939, having been introduced by virtue of an order in council passed under the provisions of the War Measures Act.

In asking the committee to approve legislation to continue exchange control, I have felt that I should tell the war-time story of exchange operations and that the committee should have certain information which, for security reasons, was withheld during the war. I have tabled a report of the foreign exchange control board which gives full details and I propose, in introducing this measure, to touch on the high spots of the happenings in this field during the war years. I shall be prepared to make detailed explanations of the various provisions of the bill before the committee at a later stage of the proceedings.

I should like to begin by reminding the committee of the reasons for the original decision to impose exchange control. We were, at the outbreak of war, one of the world's largest debtor countries. One of our main preoccupations was consequently the fear that our international debtor status might interfere with an all-out effort on the economic front—in other words, that exchange shortages, in particular a shortage of United States dollars, might become a bottleneck in the Canadian war effort.

There were three main dangers involved in the situation. First, there was the danger of fluctuations in the exchange rate, with unsettling effects on commodity prices and on business generally. Second, there was the danger that foreign holdings of Canadian securities would be dumped on the Canadian market and the proceeds withdrawn from the country in U.S. dollars with the result that we would be left with insufficient supplies of foreign exchange to cover our war requirements and to meet our normal current and capital obligations as they fell due. Finally, the panicky sale of securities in our market would have been highly detrimental to an orderly programme of war financing. In this respect, the main danger lay, of course, in the very large amounts of our securities held by residents of the United States, at that time a neutral country.

I wish to refer in somewhat greater detail to the anticipated scarcity of U.S. dollars. For some years before the outbreak of war, Canada's international receipts and payments on current account had resulted in a credit balance. Our current receipts of foreign exchange from the export of goods and services and from the production of newly-mined gold exceeded our current payments abroad for imports, interest and dividends on the foreign investment in Canada and other invisible items. This surplus on our current account transactions went, of course, towards improving our international capital position—we were making a start at reducing our large balance of international indebtedness.

The over-all surplus on our current account transactions with the rest of the world in the years just before the outbreak of war was made up, however, of two main elements which are clearly shown in the table on page 6 of the foreign exchange control board report which has been tabled. The United Kingdom was our most important market while the United States was our most important supplier. With the United Kingdom, the rest of the sterling area, and with the continent of Europe, we had a surplus; with the United States we had a deficit. We had to expect that wartime conditions would aggravate the situation in two ways. On the one hand, our deficit with the United States was certain to increase since many of the things required in the war production programme were imported from that country. On the other hand, although our surplus with the United Kingdom was expected to increase as a result of increased shipments from Canada, this surplus would no longer be freely convertible into United States funds in view of the necessary establishment of exchange control by the United Kingdom.

In these circumstances it was clear that we would be hard put to make both ends meet so far as U.S. dollars were concerned and that it would be necessary to supervise all foreign exchange transactions to ensure that the pressure on our U.S. dollar resources was not aggravated as a result of capital withdrawals by non-residents or capital flight by residents. In a statement issued at the time exchange control was imposed, my predecessor, Colonel Ralston, explained that the government had decided that a policy of foreign exchange control was essential to the successful organization of Canada's wartime activities, and that it was necessary during the war to make sure that the country's foreign exchange resources were used in the national interest. He went on to say that the use of Canadian monetary resources for speculation abroad or for other purposes which could not be regarded as necessary or desirable would be bound to hamper Canada's war effort, and should therefore be prevented.

Accordingly, the foreign exchange control order placed in the hands of a board responsible to the Minister of Finance control over all financial transactions between residents of Canada and residents of other countries. The board centralizes the foreign exchange resources of the country and is responsible for seeing that foreign exchange earned as a result of exports, etc. becomes available for the general use of the Canadian economy and that foreign exchange is used only for approved purposes. To discharge this responsibility all international transactions involving more than nominal amounts are brought to the board's attention through a system of permits. The only transactions which are restricted, however, are certain transactions involving the export of capital, such as the sale of securities in Canada by non-residents, and the purchase of U.S. funds by residents for the purpose of acquiring securities or otherwise transferring their capital abroad.

Subject to direction by the Minister of Finance, the foreign exchange control board fixes the rates of exchange for the currencies in which it deals. The board's buying rates for U.S. dollars and sterling have remained completely stable at $1.10 and $4.43 respectively since the beginning of exchange control. The selling rates for these currencies, originally $1.11 and $4.47 respectively, were reduced to $1.10½ and $4.45 last October. I believe that the house will agree that the complete stability of exchange rates which has been maintained since September 1939 has been of great advantage to the Canadian economy. As I shall show later, the swings in the exchange position have been very considerable and if the exchange rate had been left at the mercy of the temporary oscillations of supply and demand it would, I believe, have undergone quite wide and frequent fluctuations.

Although the exchange control had to be comprehensive in order to be effective, I think it is the general view that it has operated with considerable smoothness. Of one thing I am certain, and that is that the board has made the most conscientious effort to exercise its wide powers with prudence and restraint and to avoid giving cause for complaint that its actions were in any sense arbitrary in character or that they imposed unnecessary formalities on the Canadian public.

The early fears regarding shortage of U.S. dollars which led to the imposition of exchange control turned out to be fully warranted. True, for the first seven or eight months we were not subject to particularly strong pressure on our U.S. dollar reserves. There was an adverse balance during this period, but it was largely met out of the gold and U.S. dollars received from the United Kingdom in partial settlement of their deficiency with us. This initial lull provided a welcome opportunity to improve the machinery of exchange control and to explain the necessity for this control to those affected by it so that their cooperation in observing the provisions of the order might be ensured.

The serious pressure on our U. S. dollar reserves developed when Canadian war production got into its stride. When it became apparent that a heavy drain on our U.S. dollar resources was developing, the government passed an order in council on May 1, 1940, the so-called foreign exchange acquisition order, directing that all foreign exchange held by private individuals and corporations should be offered for sale to the foreign exchange control board. By a separate order in council the Bank of Canada was directed to sell to the foreign exchange control board all gold held in unrestricted ownership, and was relieved of its obligation under the Bank of Canada Act to maintain any minimum reserve ratio of gold or foreign exchange to its sight liabilities. Through these measures all the liquid foreign exchange resources of the country, apart from minimum balances needed for the day-to-day conduct of business operations, were concentrated in official hands. The foreign exchange control board took over from the Bank of Canada gold to a U.S. dollar value of $205 million and U.S. dollar balances amounting to $25 million. Privately held U.S. dollars amounting to $57 million were also taken over; this followed on earlier negotiated transfers of U.S. funds from private to official holdings to an amount exceeding $20 million.

The development of our military production programme after Dunkirk necessarily involved heavy expenditures in the United States for machine tools, other capital equipment, aircraft and military equipment and materials and component parts. In addition, the expansion of incomes in Canada led to increased imports of civilian goods. Our dollar earnings failed by far to keep pace with this increase in our dollar expenditures. Exports to the United States increased appreciably but the overrunning of Europe meant the loss of dollar markets and American tourist expenditures in Canada shrank appreciably in 1940.

To help meet the position, a series of exchange conservation measures were taken in 1940. In the budget of that year a war exchange tax of 10 per cent was imposed on all imports from non-sterling area countries. In July 1940 a complete prohibition was imposed on the use of our U.S. dollar resources

for pleasure travel in the United States. In December 1940 the War Exchange Conservation Act prohibited the import of a long list of non-essential goods from non-sterling area countries and placed others under import quota. These measures saved considerable quantities of exchange in the aggregate—under the conditions prevailing when they were imposed the annual rate of saving may well have exceeded $150 million. In addition the foreign exchange control board exercised a great deal of ingenuity in devising many ways and means of economizing on U.S. dollar payments and adding to U.S. dollar receipts without interfering with the legitimate business operations of the country.

These steps were, however, not sufficient to stop the drain on our reserves. As the table on page 20 of the report shows, official gold and U.S. dollar reserves, which had already fallen by $72 million in 1940 notwithstanding the receipt of $225 million from the United Kingdom in that year, fell in 1941 from $332 million to $188 million. In the four months ending January 1942 we lost $85 million in reserves. If this rate of loss had continued, our reserves would have been exhausted in a matter of months. Moreover, if it had not been for the special measures of exchange conservation taken in 1940, we would already have been at the bottom of the barrel by the end of 1941. I hope that those who were inconvenienced by the travel restrictions and who co-operated so admirably with the foreign exchange control board at a time when the explanations of the exchange position had, for security reasons, to be general in character, will now be assured that these restrictions were an important factor enabling us to keep our heads above water.

The situation was indeed a serious one in 1941. We had mobilized all our privately-held reserves and had received from the United Kingdom gold and U.S. dollar payments in partial settlement of their deficit with us to an amount of $225 million in terms of U.S. funds—as much as they could afford. These extraordinary accretions to our reserves had been spent and our remaining reserves in gold and U.S. dollars were much below any figure that could reasonably be regarded as the minimum working balances of a country with Canada's volume of international transactions. In spite of the measures of exchange conservation taken, we were running a current account deficit in our transactions with the United States at the rate of some $300 million per year.

New sources of receipts of U.S. dollars were clearly necessary if Canada was to continue to purchase the great variety of United States commodities required for the prosecution of the war. The United States introduced the lend-lease programme in 1941, but Canada never wished to ask the United States for lend-lease assistance. We felt, as I have said in the house on a previous occasion, that as a nation in a favoured position, free from the ravages of war, we were in duty bound to stand on our own feet and, indeed, to share with the United States in assisting other less fortunate of our allies in carrying on the war against the common enemy.

A means of providing Canada with new sources of dollars to finance part of our war purchases in the United States, while at the same time mobilizing the resources of the continent most effectively for the production of war goods, was found in that most statesmanlike arrangement made by our Prime Minister and the President of the United States in April, 1941, and generally known as the Hyde Park declaration. It was agreed in this declaration that "each country should provide the other with the defence articles which it is best able to produce, and above all, produce quickly, and that production programmes should be coordinated to that end." Canada's purchases of war goods in the United States were already very heavy and increasing; under this agreement the United States undertook to increase its purchases in Canada of urgently needed war supplies in respect of which we had facilities for speedy and economical production.

Receipts of U.S. exchange by War Supplies limited, the company which was organized to handle the sales of munitions, ships and other war supplies under the Hyde Park agreement, amounted to $275 million in 1942, $301 million in 1943 and $314 million in 1944. These figures are net, after making allowance for price adjustments and repayment of advances in the later years.

I should like to place on record my conviction that the Hyde Park agreement and the spirit which prompted its conception and guided its execution constitute an outstanding example of the neighbourly goodwill and capacity for constructive cooperation which is so often found in our dealings with the United States. Like all good bargains, this was one from which both sides gained advantages. We were given, at a time when the outlook was darkest, the assurance that a shortage of U.S. exchange would not impede our war effort—that we would be able to go on getting the war goods we needed in the United States by producing war goods which the United

States needed. The United States, for its part, got full value in the form of vital munitions of war.

In essence, what the Hyde Park arrangements involved was an exchange of war goods between Canada and the United States in accordance with the character and availability of productive capacity. In the aggregate, of course, our purchases of war goods from the United States were considerably higher than our sales of war goods to them. Net sales through War Supplies Limited amounted, as I have indicated already, to approximately $890 million to the end of 1944. From the start of the war until the end of 1945, imports of goods purchased by Canada from the United States amounted to over $6,000 million and it is estimated that the war content of our imports was about half this sum.

Notwithstanding these very large outlays we made on the purchase of war supplies in the United States, certain unexpected developments to which I shall refer in a moment resulted in additions to our cash resources in gold and U.S. dollars during the period when large contracts were being placed by agencies of the United States government with War Supplies Limited. It was not the desire of either the Canadian or the United States government that the operation of the Hyde Park agreement should have the effect, or even appear to have the effect, of building up Canada's liquid balances in U.S. funds just as it was not the desire of either government to let them fall too low. Accordingly, when it was found that our balances were rising as a result of the factors to which I shall refer, the Canadian government in pursuance of previous agreement with the United States government, offset this tendency by making certain payments to the United States treasury in the spring of 1944. I informed the house regarding the nature of these transactions on April 21, 1944.

The unexpected developments leading to an improvement in our U.S. dollar position in the course of 1942, 1943 and 1944 were three in number—sales of securities in the United States, United States government expenditures in Canada, and unusually large sales of grain to the United States.

United States interest in Canadian securities developed on a large scale in 1942 and persisted in later years. In addition, Canadian sales of Canadian held United States securities brought in appreciable amounts of U.S. exchange. The net proceeds of security sales exceeded $100 million in each of the years 1942 to 1944 and exceeded $250 million in 1945. United States government expenditures in Canada in connection with the Alaska highway and other government projects are estimated to have averaged over $80 million in these years, reaching their peak in 1943.

Finally, the extraordinary sales of wheat and coarse grains to the United States brought in approximately $150 million in 1943 and nearly $300 million in 1944. The latter figure is only slightly below our total exports of all commodities to the United States in 1939. In 1945 receipts from this source were in the neighbourhood of $100 million.

The committee will appreciate that receipts of exchange from the last two sources were of a fortuitous and non-recurring character while receipts from security sales do not cause any change in our over-all international financial position. With these comments I now propose to place on *Hansard* the figures of Canada's balances of gold and U.S. dollars which are given on page 20 of the foreign exchange control board report.

Canada's Holdings of Gold and U.S. Dollars
(in millions of U.S. dollars)

	F.E.C.B. (and Bank of Canada)	Dominion Government	Private*	Total
September 15, 1939	238·7	22·4	132	393·1
December 31, 1939	272·8	33·4	98	404·2
December 31, 1940	309·3	20·8	2	332·1
December 31, 1941	164·1	23·5	—	187·6
December 31, 1942	242·9	75·6	—	318·5
December 31, 1943	573·2	76·4	—	649·6
December 31, 1944	800·1	102·1	—	902·2
December 31, 1945	1,275·9	232·1	—	1,508·0

* Exclusive of working balances.

As the cash position improved, the restrictions imposed on current account expenditures of U.S. funds were gradually relaxed. The travel restrictions were modified in the spring of 1944 and withdrawn in the spring of 1945.

Mr. REID: The minister gave the figure of $6 billion as the amount of goods purchased by Canada from the United States. Has he the total sales by Canada to the United States in the same years?

Mr. ILSLEY: I have not the total here.

Mr. REID: I think you might find that they would balance.

Mr. ILSLEY: I think the information can be obtained from the tables I am putting on *Hansard*.

The import prohibitions imposed under the War Exchange Conservation Act of 1940 were repealed in the budget of 1944 and the war exchange tax was abolished in the budget of 1945.

The strong cash position shown by the figures I have placed on record naturally gives cause for satisfaction, but it would be seriously misleading to draw from these figures the conclusion that we have become richer in terms of U.S. funds in the course of the war. The cash position is only one item in the total balance sheet. To make a realistic appraisal one must naturally look behind the cash and see what has happened to our other assets and to our liabilities. I am placing on record another table which shows, by years, the wartime changes in Canada's debtor position vis-à-vis the U.S. dollar area. This table will be found on page 21 of the report of the foreign exchange control board:

Principal Wartime Changes in Canada's Debtor Position Vis-a-Vis the United States Dollar Area to the end of 1945
(millions of U.S. dollars)

	Sept. 16 to Dec. 31, 1939	1940	1941	1942	1943	1944	1945	Total to end of 1945
A. Increases in Canada's external assets:								
Increase (or decrease) in liquid reserves in gold or U.S. dollars	11	—72	—145	131	331	253	606	1,115
Less—								
U.S. securities sold or matured	12	24	24	21	36	38	81	236
Other foreign assets realized	2	13	19	17	22	36	23	132
Total increase in external assets	—3	—109	—188	93	273	179	502	747
B. Increases in Canada's external liabilities:								
United States holdings of Canadian securities	4	—13	12	97	84	99	201	484
Other Canadian borrowing	—9	—42	3	12	17	10	30	21
Undistributed profits of branches and subsidiaries of U.S. companies in Canada	44	16	38	36	23	29	44	230
Total increase in external liabilities	39	—39	53	145	124	138	275	735
Net increase in indebtedness indicated by above changes in position (B—A)	42	70	241	52	—149	—41	—227	—12

The table shows that between the outbreak of the war and the end of 1945 our liquid reserves in gold and U.S. dollars increased by approximately $1,100 million. Canadian holdings of other U.S. dollar assets, mainly securities, were reduced however by over $350 million, so that our total U.S. dollar assets rose by approximately $750 million. This increase in assets was almost exactly matched by an increase in our liabilities to the United States—about $500 million in the form of increased United States holding of Canadian securities and approximately $230 million in the form of the undistributed profits of United States owned business in Canada which have been earned since the outbreak of war and are consequently, under present foreign exchange control regulations, eligible for conversion into U.S. funds.

Taking it by and large then, Canada's net debtor position vis-a-vis the United States was just about the same at the end of 1945 as it was at the outbreak of war. We are a good deal more liquid now than we were in 1939 but the increase in our cash holdings is balanced by a reduction of other assets and an increase in our external liabilities in the form of United States holdings of Canadian securities.

In the first few years of the war, as the table I have placed on record shows, our indebtedness to the United States increased by some $400 million, but this lost ground was recaptured in the succeeding years. I think that the committee will agree with me that there is cause for some satisfaction in having come out even after paying cash for over $6,000 million worth of imports from the United States during the war years.

I wish at this point, for the sake of completeness, to refer briefly to the other half of our exchange problem, namely our relations with the United Kingdom and the rest of the sterling area. My reference can be very brief since the position has recently been exhaustively reviewed from time to time and most recently in connection with the $1,250 million loan.

The problem here, as members of the committee are well aware, has been that the British requirements of Canadian dollars to pay for their large purchases of munitions, foodstuffs and so on have greatly exceeded the Canadian dollars realized by them through exports to Canada and in other normal ways. It has been the determination of the people of this country that financial considerations should not impede or delay the victory by limiting the arms and other supplies that we put into the common pool. It was also their desire that our contribution of supplies should not result in international indebtedness on a scale that would be burdensome to international commerce.

I am placing on record the table given on page 30 of the foreign exchange control board report which shows the war-time changes in the balance of Canadian indebtedness to the United Kingdom to the end of 1945. This table excludes, of course, the new loan to Britain and also the $425 million commonwealth air training debt which is to be cancelled under the legislation recently approved by this house, and it also excludes certain other intergovernmental liabilities which were settled by a lump sum payment of $150 million from the United Kingdom to Canada in accordance with the provisions of the loan agreement. It will be seen that, excluding these items, Canada's balance of indebtedness vis-a-vis the United Kingdom improved by approximately $1,500 million in the course of the war.

Wartime Changes in the Balance of Canadian Indebtedness to the United Kingdom to the end of 1945
(millions of Canadian dollars)

	Sept. 15 to Dec. 31, 1939	1940	1941	1942	1943	1944	1945	Total to end of 1945
Reductions in Canadian liabilities to United Kingdom (minus sign indicates increase in Canadian liabilities)								
Official repatriation of Canadian securities..	75	137	188	296	4	2	1	703
Private redemption of Canadian securities..	2	13	10	30	10	32	32	129
Other repurchases of Canadian securities...	1	28	36	8	26	27	32	158
Other indebtedness	..	—36	7	—13	4	3	3	—32
Total reduction in Canadian liabilities..	78	142	241	321	44	64	68	958
Increases in Canadian assets in United Kingdom (minus sign indicates reduction in Canadian assets)								
Loan to government of the United Kingdom.	..	..	..	700	—18	—57	—64	561
Other assets	—1	—6	—1	6	7	8	—1	12
Total increase in Canadian Assets.....	—1	—6	—1	706	—11	—49	—65	573
Net reduction in balance of Canadian indebtedness	77	136	240	1,027	33	15	3	1,531

In connection with Canada's financial relations with the sterling area I should like to invite the attention of members to a table given on pages 32 and 33 of the foreign exchange control board report which shows the main heads of sterling area expenditures in Canada from 1939 to 1945 and indicates how they were financed. Total sterling area expenditures during these years amounted to approximately $11,000 million. Receipts from ordinary sources such as imports into Canada, interest and dividend payments, etc., amounted to approximately $2,500 million, while Canadian government expenditures in connection with war activities overseas provided approximately the same amount. This left an aggregate deficiency after Canadian military expenditures of nearly $6,000 million. It was financed to the extent of $700 million by official repatriation of securities, to the extent of $340 million by private repatriation of securities, to the extent of $500 million by the sale of gold and U.S. dollars to Canada, to the extent of $560 million net (after allowing for the application of the proceeds of sales of Canadian securities by residents of the United Kingdom on the original amount of $700 million) by the interest-free Canadian dollar loan, to the extent of $1,000 million by the gift of 1942 and to the extent of $2,175 by mutual aid.

So much by way of summary of our war-time financial relationships with the U.S. dollar area and with the sterling area. We have, as the committee will see, been through some difficult moments and have had to face problems of enormous magnitude. I think that we are entitled to feel that we have done reasonably well in handling these problems. Hon. members will recall my statement of the dangers we saw originally which led to the imposition of exchange control—the danger

of a fluctuating exchange rate, the danger of large non-resident sales of securities on our markets, the danger of a shortage of U.S dollars leading to a contraction of our war effort. We have fared well on all these scores. The exchange rate has been kept completely stable since September 15, 1939; we have not added the further uncertainty of a fluctuating exchange rate to the inevitable uncertainties of war. Canadian credit abroad stands higher than ever before. And we have met all our obligations in U.S. funds and are in a relatively strong cash position. The operation of the exchange control has been an important, indeed an indispensable factor, in producing these results.

The relatively strong cash position to which I have referred enables us to face the future with a greater degree of confidence than would otherwise have been possible. Since the end of the war our imports from the United States have continued to run at very high levels and it is reasonable to expect that in reequipping our industry we shall have to import many goods which have not been available, or only in inadequate quantities, during the war. Moreover, it is to be expected that the high level of incomes in Canada will lead, as it has done in the past, to increased imports of civilian goods, particularly consumers' durable goods, as they again become available in quantity. On the other hand, the special exports of war supplies and of grain to the United States which, as I have shown, figured so largely on the income side of dollar exchange during the past years, have fallen away. Our current account with the United States, which was about in balance for some time, is again showing a deficit. In the first quarter of this year the loss of United States funds from current account transactions (excluding collections on past business effected by War Supplies Limited) amounted to $50 million. The fact that we hold sizeable cash reserves means that we can face any deficit which it is now reasonable to anticipate without having to consider taking restrictive measures to eliminate it. It does not, however, mean that we can throw overboard all control over our exchange resources. In addition to the current account deficit with the United States which is now developing, we must naturally stand ready to meet all our capital obligations as they fall due. During the next 12 years Canadian bonds and debentures payable solely or optionally in U.S. dollars fall due in an amount of $1,000 million, the bulk of which is held in the United States. Of this total, some $400 million represents dominion, dominion-guaranteed and C.N.R. issues. Here, too, I hasten to say that we have no doubt that our cash reserves and prospects are such that we shall be well able to meet both these capital payments and the current account deficits I have referred to. But we feel that we cannot, as well, undertake the obligation which would be inherent in a decision to do away with exchange control to find U.S. exchange for non-residents who wish to sell securities on the Canadian market and withdraw their capital from Canada or for residents who, without valid reason, may wish to transfer their capital abroad. The exchange resources of the country must be at the disposal of the national economy and must not be dissipated through capital flight.

In reaching the conclusion I have stated, the government was naturally influenced by the uncertainties of the world outlook. In our view, these are so great that a country in Canada's position has no real choice but to continue to control exchange transactions. In introducing the Bretton Woods Agreement Act last December I dwelt at some length on those uncertainties and need therefore allude to them only briefly here. No one can say at the present time what will be the character of the economic system which emerges in the world as the war-devastated areas reconstruct their own shattered internal economic structures. We shall either go forward to a degree of co-operation among countries with regard to international trade and financial matters which is greater than anything we have known in the recent past or we shall enter a period of intense international economic rivalry and discord. The Canadian interest is so bound up with the expansion of world trade and with liberal economic relationships among nations that we must clearly throw our whole weight in favour of the first alternative. This we have been doing in every way open to us, and most recently by the decision of this house to have Canada join the two Bretton Woods institutions and to extend large credits to the United Kingdom and other countries.

Through these positive steps Canada has demonstrated its willingness to make its constructive contribution to solving the economic problems confronting the world This does not mean however, that we can afford to throw all caution to the winds and act as though the world's economic problems had been solved. For some time to come the international financial situation of many countries will continue to be abnormal and we shall have to count on providing a large portion of our exports to certain of these countries on credit terms. These exports will not produce equivalent amounts of foreign exchange which we shall

be able to use to pay for our imports from the United States. We are therefore thrown back on the necessity of being in a position to control any undesirable drain on our U.S. dollar reserves, and in view of the very large amount of Canadian securites held by non-residents it is particularly necessary to be able to guard against the pressure of capital withdrawals from Canada. I have already informed the house that during the past few years the pressure has been in the other direction and that we have gained exchange and not lost it as a result of non-resident transactions in Canadian securities. I have no reason for believing that this trend will be reversed in the near future. But I am also aware that rapid changes have taken place in the past, both in our exchange position and in the attitude of non-residents towards Canadian securities. At present there is a keen interest on the part of American investors in Canadian securities, but I consider it my duty not to forget that there have been times during the recent war when Canada's premier securities sold in the American market on a 7 and 8 per cent yield basis, and were quoted at a price 40 per cent below the valuation placed on similar securities by the more confident Canadian public. In the light of such disturbing volatility, we cannot base our long-term policies on the favourable attitude towards Canadian securities in evidence at this particular moment or count on the indefinite continuance of that attitude.

The control of foreign exchange transactions which this legislation contemplates will provide the machinery for discharging certain of the obligations assumed by Canada in becoming a member of the international monetary fund. Under the fund agreement "each member undertakes to collaborate with the fund to promote exchange stability, to maintain orderly exchange arrangements with other members and to avoid competitive exchange depreciation" (Articles of agreement of international monetary fund, article IV, section 4 (a)). There are three possible methods of discharging this obligation. One would be to return to the international gold standard and make the Canadian dollar convertible into gold at a fixed price. I am not prepared to advise the house to adopt this course. The second would be to operate an exchange equalization account which would intervene in the exchange market by buying or selling foreign exchange in order to maintain exchange rates at whatever level had been determined, but which would exercise no qualitative supervision over exchange transactions. The third method, and the one we have chosen, is to operate an exchange control which will buy and sell foreign exchange at fixed rates but which will exercise a qualitative supervision over exchange transactions to ensure that any involving capital flight which are contrary to the national interest are prohibited. The fund agreement clearly contemplates that certain countries will continue to operate exchange controls after joining since it provides in article VI, section 3, that "members may exercise such controls as are necessary to regulate international capital movements."

I should like to summarize what I have said in this way. The general character of the international financial and economic relations between nations which is going to prevail in the future is still uncertain. We hope that it will be one which does not call for restrictive controls and we shall do everything in our power to bring this about. But we cannot be certain that the world we are going into will be what we would like to see. It may be a world of economic friction instead of cooperation. Canada is in an exposed international position, on account of our international debtor status and on account of the great importance of international transactions in our economic life. We cannot demobilize our main economic defence without being absolutely certain that it will not be needed. We cannot leave ourselves in a position where our choice of domestic economic policies has to be influenced by the consideration that one policy or another may lead to capital withdrawal by foreigners or capital flight by Canadians.

We have no intention of using this exchange control legislation to restrict anything but certain types of capital movement. We expect to be able to avoid any interference with current account transactions. But experience, both our own and other peoples', has shown that to control capital movements effectively it is necessary to supervise all transactions between residents and non-residents. Let me give one illustration of this point. If we attempted to control capital exports merely by refusing to sell foreign exchange for this purpose, it would be open to anyone who wished to export his capital illegally to say that he required the exchange to pay for imports. Similarly, anyone could buy goods in Canada and export them without bringing the exchange proceeds back home. In either case a transaction which appears to be quite innocent on the surface is in fact an export of capital. It is for this reason that it is necessary to maintain our over-all machinery

of control even though our intention is to place no restrictions on current account transactions.

I believe that there has been general appreciation during the war years of the benefits of exchange stability, and that the business community will welcome the assurance provided by this measure that the government intends, through the continuance of exchange control, to guard against a return to the situation that prevailed in this respect after the last war. Some members may recall the difficulties and hardships caused by the wide fluctuation in the price of sterling and U.S. funds in Canada in the past. Between 1919 and 1920 the United States dollar fluctuated between 1¾ per cent premium and 19¼ per cent premium in Canada. Again in 1933 it moved within a range of 1½ per cent discount to 23 per cent premium. Sharp fluctuations of this sort are injurious to business and of advantage only to the exchange speculator. We do not wish to return to this situation. We want those engaged in international transactions to have some assurance that they will not be faced with arbitrary and erratic fluctuations in exchange rates that upset their price calculations and turn profits into losses.

I realize that the machinery of control is not without its burdens to those engaged in foreign transactions and I hope that this section of the community will understand the necessity of continuing the control. The foreign exchange control board has tried to reduce its formalities to the minimum compatible with effective control and I am sure that it will continue to make further efforts in this direction. I should like at this point to pay a tribute to the business community for the way in which they have cooperated with the foreign exchange control board during the war. I should also like to express appreciation to the public generally for its cooperation, particularly in accepting with such good grace the unpalatable but necessary travel restrictions. When the reasons for the control measures were explained and understood, the business community and the public generally were at all times willing to assist the board in carrying them out. I must also make a special reference to the chartered banks who have acted as agents of the exchange control authorities. Exchange control necessarily involved considerable additional work for them. This work has been carried out in a very satisfactory manner and they have at all times given their full cooperation to the control authorities.

In conclusion, I wish to assure the committee, if such assurance is needed, that the government's decision to maintain exchange control is not due to any fondness for controls as such. When the world returns to a more normal basis we shall have a fresh look at the question. Meanwhile, world conditions are far from normal and we cannot act as though they are. With the exception of the United States, practically every country in the world has exchange control and expects to continue it at least for the transition period. This being the case, Canada has no satisfactory alternative but to retain its control and operate it on the most liberal possible basis.

Mr. MACDONNELL (Muskoka-Ontario): Mr. Speaker, I have no intention of forgetting the convenient arrangement which has been suggested for dealing with this measure, and at this time I wish to make only one or two brief observations.

I venture to suggest to the Minister of Finance (Mr. Ilsley) that this measure is of such importance and will have so many technical aspects that he might very well allow a good many days before having it brought forward for full discussion. That however is a matter for his consideration.

I should like to make only a few observations respecting the situation in which we find ourselves. Speaking for myself, I do not see how anyone can dissent from the minister in his description of the world of to-day. I remember when we were debating Bretton Woods in this house about six months ago the statement was made by several hon. members that international relations had deteriorated lamentably within the preceding six months. Particularly in view of what the Prime Minister (Mr. Mackenzie King) said this afternoon, I think we shall find it hard to believe that they have not deteriorated still further in the interval. That raises the problems which the minister has described, and I doubt if any one will be able to avoid the conclusion he has reached, that some measure of control is necessary. For how long, we do not know.

I want to make just one comment on that. We have heard described this afternoon a technical job well done. I do not think there will be any grudging of credit for what has been done. I think we all feel that it has been done well.

It is obvious to say that people who have done a good job well, who have been in the position of controlling and really making the financial system tick for several years, would be inhuman if they did not somehow believe that they could go on and make it tick indefinitely.

The minister has spoken about a possibility —one does not like even to hear the words—

of a period of intense economic rivalry, and then he went on to say that we must be absolutely certain—I have forgotten his exact words, but this is their effect—of our security before we let these things down. It is on that that I would like to say a word. If we are all going to make sure that we get our own security, that is the surest way of making certain that there will be no security. I agree with the minister when he says that we have to use caution; nevertheless it seems to me that if everybody uses caution, if everybody is the last to show any courage and to become cooperative, the results will not be what we want. I am sure that is not the minister's intention. From what has been said in this house by the minister and by others I am sure he will agree with what I have just said.

I should like to leave that with the committee and with the minister. He has given us this afternoon a description of a world which can easily degenerate into suspicious and economic rivalries and exclusiveness such as we had in the nineteen thirties. It seems to me that that should make us aware of our serious responsibilities in arriving at the decisions at which we must arrive. Although it is only economic danger, that faces us at the moment, I am reminded of a line from Shakespeare:

. . . We are in great danger;—

Economic danger.

The greater therefore should our courage be.

Mr. REID: I have one word to say and one question to ask the minister. The statement just made by the minister was an important one, and I think it is a little hard for the ordinary member of parliament fully to understand foreign exchange and high finance control. A thought that enters my mind has to do with the position of Great Britain and the United States with regard to trade with Canada. Great Britain buys more goods from Canada than we buy from her, and yet the pound is down to $4.38 which means that she gets less for the pound she expends in Canada than does the United States, where conditions are exactly the reverse. We in this country buy more from the United States than they do from us. I have always wondered in my own mind who actually sets the differential in exchange. We would seem to have made a contribution of $600 million to the United States since the war began in the form of the ten per cent exchange, that is, the United States dollar being worth $1.10 Canadian. The opposite is the case with Great Britain. I would have thought that in this new world that we are fashioning the very opposite condition would have prevailed. I would have thought that in poorer countries like Great Britain it would be made more possible to buy more with their currencies, and that at least the Canadian dollar would be equal to the United States dollar. During the past three years I have asked the Minister of Finance the question: Who sets this differentiation in exchange between the Canadian and United States dollars? It may be my fault, but I do not think I have had a proper explanation. I trust the committee when the bill is before it will go into the two points I have mentioned.

Mr. QUELCH: I hope the recommendation of the hon. member (Mr. Reid) will be carried out. Personally I think it would not be for the benefit of Canada if the Canadian dollar were on parity with the United States dollar. Undoubtedly this question will be discussed later. We welcome the introduction of this measure to provide for the establishment of a foreign exchange control board as a peace time measure. This board served the country well during the war by making United States dollars available to provide for the maximum production of armaments, and also by providing Canadian dollars for Great Britain. When I say that, I do not mean that we are going to approve everything that is in the bill, but we do believe it is in the interests of Canada to establish a foreign exchange control board as a peace-time measure.

Mr. BRACKEN: Is there any termination date?

Mr. ILSLEY: The bill just provides for the establishment of the board. If it becomes necessary to discontinue it, it will have to be repealed.

Resolution reported, read the second time and concurred in. Mr. Ilsley thereupon moved for leave to introduce bill No. 195, respecting the control of the acquisition and disposition of foreign currency and the control of transactions involving foreign currency non-residents.

Motion agreed to and bill read the first time.

Mr. BRACKEN: Can the minister say when the bill will be up for second reading?

Mr. ILSLEY: I will consult the convenience of the opposition on that. I doubt whether it will be this week; we should probably give more time than that.

SUPPLY

Right Hon. J. L. ILSLEY (Minister of Finance) moved that the house go into committee of supply.

Mr. JOHN BRACKEN (Leader of the Opposition): Mr. Speaker, if this is a motion to go into supply in order to move three other departments into committee of supply to make them available for discussion, then as leader of the opposition I must oppose the motion. If the government feels that it is necessary to persist in this motion for this purpose, I shall have to ask for a division when you put the motion to the house. I object on this ground. The motion to go into supply on Mondays, Tuesdays and Wednesdays is debatable under our rules, but it is not debatable when put on a Thursday or Friday.

It is not necessary to put any more departments into supply at this time. If I am not in error, there are still ten or eleven departments to be dealt with in supply. If there were need for more I would gladly approve of more, and I say to the government now that whenever there is a need for more, there will be no objection. The opposition has the right on a motion to go into supply on Monday, Tuesday or Wednesday to raise any grievance or bring up any matter regarded as of importance; and to the extent that we put additional departments into supply we are denied that right. I do not think the government should put us in that position. It does not need to. I do not think that practice is democratic, I do not think it is fair.

Under the legislation passed last year, the emergency powers bill, the government can take action that we know nothing of until it is announced here at the opening of the house, and that is a time when we are denied the right to debate it. The only opportunity which the opposition has to raise any question which is not before the house in the form of a bill or resolution is on a motion to go into supply on Monday, Tuesday or Wednesday. Unless I am in error, there are, as I said, ten or eleven departments in supply now, and about ten more to go in. Why should the government ask us to put more in when there are so many already in and not yet finished? I am perfectly agreeable to having, say a couple of departments go in each week, but once we put them all in we are denied the right, thereafter to bring up any matter that may be regarded as important.

May I add this. As leader of the opposition I would say to the Minister of Finance that we feel that it is time the budget was brought down. I am aware of the reasons which the minister or the government may have for not having it brought down before this. But we have been here for three months now, dealing with some important matters, but none is more important than the fiscal problems facing this country. I would ask the government to bring down the budget as soon as possible. In a week or two we shall be running into hot weather and there will be a general demand to get away from here. Then we shall have before us not only the measures now on the order paper and the rest of the estimates but the important budget proposals as well. The budget proposals will probably be—I was going to say more important this year, but I do not like to make a comparison; I shall say only that they will be very important measures. I therefore urge the government to bring down the budget as soon as possible.

I suggest in all sincerity to the government that it should not ask us now to give up the right of raising any question we deem important on going into supply the first three days of the week. Having said that, let me assure the government that we will help them see to it that there are always enough departments in supply to carry on the work of the house. I am aware that under the rules you can go into supply and call one item in each of the departments named; then that department is in; the government can go into supply again on Thursday or Friday without any debate, and therefore no opportunity for the opposition to raise any grievance on those days. I trust that the government will not deny us this right. I am sure that the government appreciates this position. There have been eleven departments in supply already this session, only one of which is finished, and to ask us to put three more departments in at this time—

Mr. MACKENZIE: Agriculture is not all through yet.

Mr. BRACKEN: That makes my argument all the stronger because you have eleven departments in supply already, any one of which can be considered.

LABOUR CONDITIONS—EFFECT OF LABOUR DISPUTES ON PRODUCTION

Mr. ANGUS MacINNIS (Vancouver East): Mr. Speaker, I am going to avail myself for a moment of the prerogative which the leader of the opposition (Mr. Bracken) mentioned a moment ago of discussing an important matter on the motion to go into supply. I hesitate to take up the time of the house, but the question I am going to raise is of the utmost importance.

But first on the point raised by the leader of the opposition I think it would be quite in order for the government to move one of the departments into supply because I realize that the government must have a certain amount of manoeuvrability. The only thing I am afraid of is that they will manoeuvre too much. If we could only be sure that

they would not do that I would have no objection to one new department going into supply because the government must have something to put before the house on Thursdays and Fridays.

I hesitated about bringing up the matter, to which I am about to refer, although not to the point of not referring to it at all. I hesitated until I heard the Prime Minister (Mr. Mackenzie King) this afternoon refer to the terrible condition, the dangerous condition that prevails in Europe. If there is a dangerous condition in Europe we cannot hope in the small world in which we live to-day to avoid that danger any more than we could in 1939.

There are at the present time a number of labour disputes in progress in the country which are retarding production. I think there is no member of the house, regardless of where he sits, who will not agree with me that the greatest need of the world to-day is production, and that we should all do everything we can to see that production is not retarded. I have already referred to this need in different words on two or three different occasions this session. I referred to it in my speech on the address on March 22, when I urged that the Minister of Labour (Mr. Mitchell) or some other minister of the government should call a conference of representatives of employers, representatives of organized labour and representatives of the provincial governments in order that we might come to some understanding and some conclusions in regard to the need for increased production. After that was done, the attention of the public could be drawn, as was so often done during the war, to the dangerous position that we and the world are in. We could then get the cooperation of the public in the same way as the Minister of Finance (Mr. Ilsley) mentioned this afternoon we got it so often in other matters.

There is a shipping strike—a disastrous strike, in my opinion— and the Minister of Labour has worked hard, I believe, to bring it to a satisfactory conclusion. It being a matter affecting navigation, I believe it comes wholly within the jurisdiction of the federal department of labour. Last Thursday the Minister of Labcur brought together representatives of the shipping companies and representatives of the union concerned and presented them with a formula for the settlement of the strike. I am informed by the president of the seamen's union that it was immediately accepted by the union. According to a news report in the Ottawa *Journal* of June 14, the shipping companies decided that they would take the minister's proposals under consideration the following day. Then, according to the same report, they decided that they would not discuss them until Monday, that is to-day; and later on it was decided that they will not discuss them until tomorrow. I submit, Mr. Speaker, that no matter what the grievance may be this lackadaisical manner of dealing with so urgent a matter should not be tolerated at a time like this. The government have an obligation to the people of Canada, who also are partners in these matters, because to-day there is no labour dispute in which there are not at least three parties—the employers, the workers, and the community—and the government must act for the community. I believe that the government has an obligation to-day to secure a quick decision from the shipping companies. It should ask them whether or not they are going to accept the formula proposed by the Minister of Labour, and if they will not act the government should see to it that shipping moves again.

On the west coast, in the lumber situation, we have the opposite condition. The employers have accepted the commissioner's proposals of settlement and the labour organization concerned has rejected them. Here again the government has an obligation to prevent as far as it possibly can the wastage of food and to get into operation as many lumber mills as it is within its power to do, in order to meet the urgent needs of the fruit growers.

There are other disputes. Last Thursday or Friday I brought to the attention of the Minister of Labour a dispute in British Columbia in which the moulders are concerned. I believe the moulders' organization is the union involved in the strike. But the strike is affecting a large number of plants which, I am told have no concern at all with the strike. I am informed by one of the companies that when they took this matter up with the government of British Columbia they were told that the administration of the labour relations regulations came under the federal government; but when I drew this matter to the atention of the Minister of Labour here the other day, and asked if that was a correct statement, he told me that it is wholly in the control of the provincial department of labour. Having so much experience with these regulations. I think this sort of buck-passing should be impossible. I am sorry I have not the communication which I referred to with me: I thought I had and I was going to read from the letter the definite statement that the company had the opinion before-mentioned from the premier of British Columbia.

In my view the minister has been long-suffering in these disputes; he has tried to negotiate fairly between the parties; the formula which he proposed in the seamen's strike is—as far as I know; I am not in a position to judge—a fair one. He should now see to it that the parties concerned get together, and if they do not, the government should take the necessary action in order that goods will float again on the rivers and lakes of this country.

STRIKE IN BRITISH COLUMBIA LUMBER INDUSTRY —COST OF LIVING—SECURITY IN EMPLOYMENT

Mr. G. A. CRUICKSHANK (Fraser Valley): Mr. Speaker, if there is now an opportunity to speak on the labour situation I shall take a few minutes of your time. I want to try again to impress upon the government, and particularly on the Minister of Labour (Mr. Mitchell), through you, Mr. Speaker, that in view of what the Prime Minister (Mr. Mackenzie King) said to-day, in my opinion they have even more responsibility on their shoulders than they have apparently realized up to the present time, as far as labour is concerned. I have been negotiating to the best of my ability for the last two weeks with the labour representatives, with a view to getting the box and cooperage factories reopened; I am not speaking of the lumber situation generally. As I understood the Minister of Labour, the union had agreed to man these plants, without prejudice to either side, exactly on the lines of the appeal made by the Acting Prime Minister (Mr. Ilsley) on the 24th or the 28th of May, that these plants should be reopened in order to conserve the food which, in spite of what any official says, is going to waste, and which, according to the statement of the Prime Minister on his return from England, is urgently required to-day. This food is going to waste, and will go to waste in far greater quantities unless the Department of Labour accept their responsibilities to-day, and do, as the hon. member for Vancouver East (Mr. MacInnis) suggested, stop passing the buck from one department to the other. Let us assume our responsibilities, and do so to-day.

I am not going into the rights or wrongs of the strike, but I say definitely, Mr. Speaker, that the international woodworkers of America have come this far. The men have agreed and guaranteed to re-man the plants with union labour. They offered to do so on Friday night, and the plants could have been working all day Saturday, all day Sunday and all day to-day if the government had accepted its responsibility, as I see it, and put in a controller. We did it some time ago in the case of the American Can plant. We did it after a lot of food had been wasted. Apparently we are adopting the same attitude to-day in so far as fruit, fish, milk and other products in British Columbia are concerned. Apparently the department does not realize that if we start these plants to-day hundreds of thousands of dollars worth of food will still be wasted in British Columbia because, by operating the plants on twenty-four hour shifts from now on, we cannot catch up.

To-day I tried to ask what I thought was a fair question, namely, when would the plants be opened if they were not opened to-day, and why were they not opened before? Every hon. member knows my stand in this matter; but I say that no union, no operator and no government can justify food going to waste by the buck being passed from the minister to the minister of labour of British Columbia or to the federal authorities at Ottawa or to the union. The unions are prepared to go to work to-night and work all night producing crates, barrels and other containers if the Minister of Labour of the federal government will put Mr. Jones or someone else in as controller to operate these plants for a period of at least three weeks during which time negotiations can be carried on.

A short time ago the hon. member for Kamloops (Mr. Fulton) showed me the latest edition of the Kamloops paper. These people know the situation in British Columbia; they know the situation in Kamloops, and they state that if we operate to-day we shall still lose foodstuffs because we simply cannot catch up. Surely we are big enough or should be big enough to discuss these matters without prejudice to either side while the plants are operating. It could be done along the line of the appeal which was made by the Acting Prime Minister, and which has been answered by the International Woodworkers of British Columbia. If the appeal of the Acting Prime Minister of May 27 has not been answered by the companies or the government, it has been answered by the union. Why not by the government and operators? I am now appealing to the Department of Labour of the federal government. I am appealing particularly to the minister of that department. I shall not use the word I intended to use—

Mr. MITCHELL: Use it.

Mr. CRUICKSHANK: No. The Minister of Labour is always good-natured; I shall say that for him. As a member of parliament representing the fruit-growers, I do not want any buck-passing or side-tracking. What I want the minister to do is to tell me when

these factories are to be reopened. If he cannot tell me that I should like to know why. I should like to know why he cannot take some action when the men are prepared to go to work in the factories under a controller to prevent the fruit in British Columbia from wasting.

COST OF LIVING—SECURITY IN EMPLOYMENT

Mr. ALISTAIR STEWART (Winnipeg North): Signs of labour unrest are obvious all over the country, and part of the reason is that the government has not yet had the courage to face up to the inevitable results of its own policies. The Progressive Conservatives would like to see the ceilings lifted just as quickly as possible. The government intends to go about the matter more slowly, but no matter how slowly they go about it, nevertheless the fact remains that to the average worker his cost of living is increasing. The increase in the cost of living does not always mean a monetary increase. It may mean a depreciation in the quality of the goods he has bought.

One of the problems which is facing the average worker throughout this country is the increase in the cost of food, particularly milk. Milk is basic to the health of a nation; yet the price has gone up by two cents a quart, and within a few months there is the threat that it will go up still another two cents a quart. The ordinary working-class family know that the cost of clothes they have to buy is going up. They find the costs creeping up all around them, and if they are to live on a standard which will grant them the minimum amount of health, naturally they must have higher wages. The labour disputes to-day centre largely around the question of higher wages.

There is also the question of security in employment. We have heard almost *ad nauseam* of the government's promises during the election of jobs for all. We have read the government's white paper on employment policy, and seen how its policy was to provide full employment, whatever that may mean. But full employment is not with us, and there is no sign at all of full employment because there is no sign at all of a reconversion programme on the part of the government. There is no general all-out Canadian plan which will give the people an inkling as to what the government has in mind to maintain full employment. I should like to bring this matter particularly to the attention of the Minister of Finance (Mr. Ilsley) because full employment is largely a matter of fiscal policy, and we are faced with this apparent fact: according to the government's advisory committee on reconstruction, that is, the James committee, it is estimated that under full employment the savings of the Canadian people will be in the neighbourhood of $1,500 million a year. If we are to maintain full employment the costs of industry have to come back again in the purchasing stream. I differ from my hon. friends of the Social Credit party in not believing there is an inherent deficiency of purchasing power under the present economic system. I believe every element of cost has an offsetting element in somebody's income. But when we have $1,500 million worth of savings, much of which is not reinvested in the economy, then there will be an apparent lack of purchasing power. When that lack of purchasing power appears profits diminish; because profits diminish there is a tendency to lay-off men or to cut wages, and when that is done purchasing power is still further diminished. It is true that one might perhaps stabilize the national income at $8 billion as one might stabilize it at $3 billion, as happened in the thirties, but on these low levels the obvious result is mass unemployment.

If we are to maintain full employment, obviously somehow or another the government must evolve a scheme whereby the savings of the people as a whole, the savings of industrial enterprise, will again be channeled back into purchasing power. Yet according to the *Financial Post's* 1944 survey of firms which, I think, accounted for, about sixty per cent of manufacturing industry, these companies figure on spending slightly more than than $100 million a year on capital assets. Mr. J. R. Beattie, of the Bank of Canada, writing in the August, 1944, issue of the *Canadian Journal of Economics and Political Science,* pointed out:

> (a) That "even the tremendously rapid industrial expansion . . . during the war" had not "involved more than $1,000,000,000 of capital expenditure . . . public and private . . . on plant, equipment and housing in any one year;" (b) that though "electric power is a heavy capital-using industry," its "pre-war investment in fixed assets was less than $1,500,000,000;" (c) that "one year's saving" at the rate of $1,500,000,000 a year "would more than cover the cost of all residential housing built in the twenty years from 1917 to 1937;" (d) that $1,500,000,000 "would cover nearly half the total fixed capital investment in Canadian railways;" (e) that "even the building of a new industry comparable to the pre-war automobile industry would absorb less than three weeks' saving at the rate of $1,500,000,000 a year."

That means there must be a tremendous amount of additional purchasing power spent if we are to maintain a balance between national income and the outgoings of the incomes whether they be wages or profits on

other income of the people. But now comes a new survey of post-war investment plans, in the Canadian Bank of Commerce monthly letter of January, 1946, which estimates that capital expenditure for the years 1946 to 1950 will be as follows:

City and town homes	$750,000,000
Business building	250,000,000
Industrial and mining	1,000,000,000
Public utilities	350,000,000
Transportation	400,000,000
Farm improvement and extension	350,000,000

That means a total in these years of $3,100 million, or a total per annum of $620,000,000; yet on the committee's estimate the Canadian people are going to save a billion and a half dollars each year. If we are to maintain full employment this means that somehow or another another $900,000,000 must be spent in this country, preferably in capital construction, or if not, then in improving the conditions of the people; and one way in which that is being done is through the children's allowances. The Minister of Finance cannot exempt himself from some responsibility for complete employment in this country. That is a problem he must face, and it is a problem for which we in the C.C.F. think we have an answer. It means the complete control of investment in this country by the government and investment channeled out so that, as a result, socially useful purposes shall be served. If in the forthcoming budget the Minister of Finance can give us no hope at all that this policy will be followed, then I think we can say with some certainty we are coming into a period of still further aggravated labour troubles and increased unemployment.

What I should like to speak of particularly at this moment is a matter affecting the Minister of Labour (Mr. Mitchell), because here I think he has been somewhat remiss in his responsibilities. I should like to remind the house again of a situation which exists in the city of Winnipeg and which is felt in other areas where these men have gone to live. In 1919 there was a general strike in Winnipeg, during which some four thousand workers of the Canadian Pacific Railway company went out on strike. Many were accepted back by the company, but the price they had to pay for reemployment was the giving up of all seniority rights before the strike. In tribute to the government-owned line, Canadian National Railways, let me say that they took back their men; and, when they established their pension fund in 1935 they gave all men, whether strikers or not, credit for every year and every month they had worked for the company. That was not the case with the Canadian Pacific. In 1937 this company instituted a new pension plan on a contributory basis. Previously the pension plan had been on a non-contributory basis; and, when the men asked for higher wages the officials of the C.P.R. pointed to the pension plan and to their generosity in giving their men these pensions, and asked that this be taken into consideration. When the new plan was put into operation in 1937 it applied only to those of the age of forty and under. As a result, some four hundred elderly employees of the C.P.R. were given no pension rights at all. Some 2,100 others were affected because the time they had worked prior to the strike did not count toward their seniority. Mr. Coleman, who is now president of the Canadian Pacific Railway company, had a meeting with a sub-committee of the general chairmen of the union, and according to the union Mr. Coleman stated that it would take an additional $1,250,000 to meet the pensions which were asked. The report of the union goes on:

> He made it very clear that the earnings of the company made such a task quite impossible, and regretted very much that, in such circumstances, he had to deny the request of the committee.

The subcommittee went on to say:

> We are still of the unanimous view that, had the financial conditions of the company been different, we would have made progress.

The financial conditions of the company are appreciably different to-day, and I only hope the C.P.R. will take that fact into consideration when considering the claims of the men. The net income of the company in 1941 was some $46,000,000; in 1942 it was $48,000,000; in 1943 it amounted to $49,000,000, and last year it was some $31,000,000. It should be noted also that last year the profit and loss balance in the balance sheet amounted to $262,700,000. Out of that sum I should think the company could well afford to pay pensions to the men who are now leaving the employ of the company because of age and who are being wretchedly discriminated against because of the strike. The C.P.R. is one of the few companies, if not the only one, still treating in such a way the men who went on strike in Winnipeg in 1919. I have asked several questions of the Minister of Labour in that connection. Last December I asked what had happened to the report of the commissioner who had been appointed by the government to investigate the situation. The minister then told me that the report had been received and had been submitted to the company. Be it noted, Mr. Speaker, that this investigation was conducted at the request of the employees, not at the request of the company; yet the company was given the

privilege of seeing this report while it has been denied to the union. Again in May I asked the minister what the outcome of the investigation was. All he could tell me was that the Canadian Pacific Railway company were still considering the matter. Therefore I wrote Mr. Coleman to ask when we might expect the company to give the government its answer. I received a reply from Mr. Manson, vice-president in charge of personnel, who said in part:

The report of the investigator is being studied; and inasmuch as he required more than seven months to complete his findings, I am sure you will appreciate the time it takes to analyse the document.

That is a lot of unadulterated nonsense. It may take a commission seven months to make certain findings, but surely it does not take seven months to consider the advisability or otherwise of implementing those findings. However, that is the case put up by the Canadian Pacific Railway company, so that I hope the Minister of Labour will get some iron into his spine and go after the C.P.R. to learn exactly what they intend to do about the legitimate plea of these men I have mentioned.

Mr. MITCHELL: I do not take advice of that kind from a jellyfish in Winnipeg.

Mr. STEWART (Winnipeg North): I think the minister should take the advice, because he is badly in need of it.

There is another thing. There is a dispute to-day between the typographical unions and newspapers in Vancouver, Edmonton, Hamilton, Ottawa and Winnipeg. I asked the minister, at page 2153 of *Hansard,* the following question in reference to this dispute:

I wish to direct to the Minister of Labour a question of which I have given him notice. What steps are being taken by the federal government to settle the dispute between the typographical union and the newspapers concerned?

Part of his answer was as follows:

In Winnipeg, basically the issues were the union's policy that its international law is not subject to arbitration, et cetera—and when I say "et cetera" I refer to the regulations set in motion by the respective governments of this country—the forty-hour week and payment for overtime if the union could not provide labour under its closed shop agreement. Unfortunately the situation had deteriorated to such an extent in Winnipeg by the time it reached the attention of my department that the appointment of two industrial disputes inquiry commissions and the holding of several conferences in Ottawa did not bring about a settlement.

I bring to the minister's attention the words, "unfortunately the situation had deteriorated to such an extent in Winnipeg by the time it reached the attention of my department". The minister may not like taking advice from the hon. member from Winnipeg North; but let me say one thing more, and that is that his answers ought to be more accurate. This one is grossly and obviously inaccurate, on the basis of an answer to a question I asked later.

This is what appeared at page 2418 of *Hansard*:

Mr. Stewart (Winnipeg North):

1. On what date did the dispute between the typographical union and the newspaper publishers in Winnipeg start?

The answer to that was:

1. The stoppage of work affecting the international typographical union and the Winnipeg *Tribune* and *Free Press* commenced on November 8, 1945, being the culmination of a dispute which had been developing for some weeks previously because of failure to agree on the terms of a new agreement to replace one which had expired September 30, 1945.

The second question was:

2. On what date was the department made cognizant of the dispute?

And the answer:

2. On October 31 my department received information that a dispute existed and that a strike was possible. On November 1,—

That was seven days before the lock-out took place.

—the publishers of the two newspapers requested the intervention of either a conciliation officer or an industrial disputes inquiry commission. A conciliation officer was appointed on November 2.

The dispute started on November 8. The third question was:

3. On what date was Mr. Justice Major appointed as a commissioner to investigate the dispute?

And the answer:

3. Mr. Justice Major was appointed a commissioner on November 9.

The Minister of Labour says that the situation had deteriorated before it reached the attention of his department. Yet, nine days before the lockout took place, the Minister of Labour had acted—and I think rightly so; I do not blame him for it; rather, I give him credit. The day after the dispute actually took place, a conciliation officer was appointed. As I said, the first answer given by the Minister of Labour was not altogether accurate.

Last summer the Canadian newspaper publishers association held a meeting in eastern Canada. I do not pretend to know what went on there, but I do know that not long after that, when the union agreement in Winnipeg was up for negotiation, certain publishers balked, insisting that the laws of the union had to be arbitrated. That had never been the case before in the history of that union. Never at any time in all its eighty years have the union refused to arbitrate hours,

wages or conditions of an agreement. But they have always insisted that the laws of their own union were not arbitrable, and properly so; because were the laws of the union arbitrable, in every city one would find a hundred different interpretations of the law.

Mr. MITCHELL: Would the hon. member take the stand that the rules of the trade union take precedence over the laws of this country.

Mr. STEWART (Winnipeg North): No, I did not say that the laws of the trade union should take precedence over the laws of this country, because the trade union have stated that the law of Canada takes precedence over the law of their union. So that that is no argument.

Mr. MITCHELL: You are talking about something you know nothing about.

Mr. STEWART (Winnipeg North): I am talking about something concerning which I know a lot more than you do, because I have been with the men, talked the matter over with them, and they know what they are talking about, even though the Minister of Labour may not know. There can be only one interpretation of the law of the union, and that is the interpretation they put on the law themselves, because those laws are there for the government of the union, and for nothing else.

It has been said—I have seen it in print—that the printers are trying to compel publishers to publish what the printers want. That is obviously nonsense. The position taken by the typographical union throughout the years proves that that is nonsense; and it is nonsensical to say that this is a case of foreign interference in Canadian affairs. Each individual union, on its own behalf, took strike action; and that action was not dictated by the international president, Mr. Randolph or by anybody else.

There is much less foreign interference in the unions than there is foreign interference in business. When we consider that several billions of dollars of United States capital is invested in this country, I think we must begin to realize the amount of the United States interference there is in Canadian industry.

The Minister of Labour appointed Mr. Justice Major to act as commissioner, and the commissioner, I believe, did his best. He offered to the union six points to be decided upon, and stated that if the union agreed to them he would then persuade the publishers to agree to them, too. The union agreed to four of them, and they said they were willing to discuss the remaining two, and to negotiate in that regard.

The publishers refused to have anything to do with the matter at all; they virtually walked out on the commissioner. The result is that to-day all across Canada we find these strikes in publishing plants; and unless some definite action is taken, and taken quickly, I fear they will spread. We find these strikes not only in the newspaper industry, but threatened in steel and among electrical workers. Practically every organized union in the country is affected.

Nobody likes to strike. Strikes cost the country money. They cost the workers money. They cost the employers money. But a worker goes on strike only as an act of desperation, only when that is the only way he can bring his case before the people. When a worker goes on strike he knows what the cost will be to himself and his family.

It is the responsibility of the federal government to take some active stand, a more definite stand than it has taken, in trying to act as conciliator between the conflicting groups in this country. It is the duty and responsibility of the federal government, where necessary, to take over plants which are concerned. They should be taken over on one basis; that is, that any profits accruing to those plants while they are being operated by the federal government should revert to the federal treasury.

Mr. C. E. JOHNSTON (Bow River): Mr. Speaker, I should like for a moment to refer to what has been said by the hon. member for Winnipeg North (Mr. Stewart) where he pointed out that the advocacy by the Social Credit party of a sufficiency of purchasing power would not solve the problem. I remind the hon. member that labour unions are now on strike to obtain increased purchasing power. The Social Credit party contends that if labour unions were to receive their increase in wages, which we think they deserve, that would solve the whole problem. It must be remembered that the people at large would not get that increase; and therefore they would not be able to buy the goods which industry has produced.

However, I do not intend to enter upon an explanation of social credit theory for the special benefit of the hon. member for Winnipeg North, because I have come to the conclusion that he does not understand even the policy of socialism of the party to which he belongs. The hon. member said that his party stood for complete control of investment. That was not the policy enunciated the other day by the hon. member for Vancouver East

(Mr. MacInnis), when he stated quite clearly that he advocated the total ownership of the means of life.

I do not dispute one or the other, but I believe that the hon. member for Vancouver East came more closely to socialistic doctrine than did the hon. member for Winnipeg North, and I suggest that the latter named hon. member should study the policy of his own party before he begins to criticize others.

I should like to draw the attention of the Minister of Labour (Mr. Mitchell) to conditions among labour in Canada. Only to-day I received two telegrams from labour unions, one at Drumheller and one at Calgary, asking me to do what I could to draw the attention of the government to the state of unrest among labour throughout Canada. Labour realizes that these continued strikes are not in the best interests of the country as a whole, and I believe they are just as anxious and ready as anyone else to have matters settled. But the government cannot take the attitude that it will sit idly by and let the strikes continue, in the hope that they will work themselves out in a natural way.

I do not think the minister did much to lessen unrest among labour when he stated the other day that he blamed strikes on communists, and said that if the communists wanted a fight he was ready to give it to them. I do not think the labour unrest in this country is due to communist elements. Men are striking for legitimate reasons. The minister knows as well as the rest of us that living costs are increasing rapidly. That being so, of necessity labour must be concerned about its standard of living. As prices go up, the standard of living comes down. Not only must labour be concerned about that; the rest of the people of Canada are much concerned because these continued strikes are bound to add to the increased cost of goods.

I think the question was brought up timely by the hon. member when he spoke this afternoon. I do not intend to enter into a lengthy discussion on labour, but I suggest to the government that they will have to do something definite to solve these problems or labour and the employers will have to deal with the matter to see if settlements cannot be brought about. It would be much better if the government had some definite plan in mind so that when a strike occurs they could insist upon a settlement.

Mr. MITCHELL: Does my hon. friend suggest compulsory arbitration?

Mr. JOHNSTON: I do not think it needs compulsion on the part of the government or on the part of labour or on the part of the employers. There should be some reconciliation between the three groups. If no settlement can be arrived at between labour and the employer, then the government should step in and do something. They should not stand idly by while conditions get worse and worse. It is no solution of the problem for the government to say that we have less labour trouble in Canada than in any other country in the world. If conditions do not improve quickly we shall soon reach a point where Canada will be leading the world with labour troubles.

We had better get busy. The government should have some definite policy. They should enact some regulations which would bring these strikes to an end so that the country can get on with the production that is so greatly needed.

Hon. IAN A. MACKENZIE (Minister of Veterans Affairs): I should like to take only one or two minutes to deal the the remarks made by the leader of the opposition (Mr. Bracken), who has raised objection to calling three new departments in committee of supply, not for the purpose of discussion but simply to get them in. The situation is that at the present moment we have eleven departments in supply. One department, the Department of Agriculture, is almost completed, as is the Department of National Health and Welfare. There are eleven departments not yet in supply. The theory that getting a department into supply at an early stage deprives hon. members of the right of expression and the opportunity to ask for the redress of grievances is an entire fallacy. If a department already in supply is called on Monday, Tuesday or Wednesday every hon. member has the right to debate the motion.

If the record of this session is read it will be found that supply was called earlier and has been called more frequently than in any session during the fifteen years I have been in this house. Hon. members opposite must accept some responsibility for moving a motion of no confidence and holding up supply for two weeks. Hon. gentlemen must realize that every session complaints are made in the last week or two weeks about the government, no matter who the government is, because of the congestion of the estimates. We have tried to avoid that this session. We are trying to get departments into supply, but when we do so we are met with retarding suggestions by hon. gentlemen opposite. I will meet the suggestion of the leader of the opposition and call two departments to-day and two next Monday, and I hope the house will agree to that.

Hon. GROTE STIRLING (Yale): Mr. Speaker, I have just one remark to make on what the acting leader of the house (Mr. Mackenzie) has just said. I would draw your attention to the fact that this is a habit which has cropped up during the years of war, that of bringing in one item of each of two or three departments in order to get them into committee of supply. Members of the opposition have agreed to that because we were desirous of assisting the business of the house.

Mr. MACKENZIE: I hope hon. members still are.

Mr. STIRLING: They still are, but with a proviso. The motion for supply provides an opportunity to members in opposition to raise matters, not necessarily matters of grievance but other matters which in their opinion should be discussed. I cannot accept the minister's view that it is always possible to have these matters discussed when the department concerned is before the house. It happens quite often toward the end of a session that a department will be called hurriedly and little discussion is possible. The opportunity is then lost to hon. members to discuss certain matters.

Over and over again the Prime Minister (Mr. Mackenzie King) and the Minister of Finance (Mr. Ilsley)—I give these two illustrations only—have suggested, when certain questions have been asked, that there would be ample opportunity to discuss the matter when the house got into committee of supply. The more departments we get into committee, the fewer opportunities will be left to discuss the motion to go into supply.

The minister now suggests that two more departments be moved in to-day, which will bring the total to thirteen. Then two more are to be introduced next week, which would bring the total to fifteen. If we go on at that pace, before many weeks have elapsed there will be no opportunities left.

Mr. ST. LAURENT: Does the hon. member not hope that there will be no session left?

Mr. STIRLING: I may have all kinds of hopes, but they are not going to terminate this session before a great many weeks have passed. We have not seen the budget yet, and we have not discussed the three defence services which in past years have been discussed for weeks and weeks on the war appropriations. I suggest once more to the government that we should be chary about introducing more departments into committee of supply at this stage of the session.

Mr. MACKENZIE: I accepted the suggestion of the leader of the opposition.

[Mr. Mackenzie.]

Mr. H. W. HERRIDGE (Kootenay West): Mr. Speaker, I should like to follow up the remarks of the hon. member for Fraser Valley (Mr. Cruickshank). A few days ago the Acting Prime Minister (Mr. Ilsley) made an appeal for the operation of these plants in order that containers might be provided for food. I know that right after that the hon. member for Fraser Valley (Mr. Cruickshank) became very active. No hon. member from British Columbia has done more in connection with the settlement of this strike than the hon. member for Fraser Valley. He has spent in the neighbourhood of $200 on telephone messages; he has met with union representatives, and he has spent a considerable amount on telegrams. Along with other hon. members, I have personal knowledge of the work he has been doing.

Following the appeal of the Acting Prime Minister, and largely because of what was done by one private member of this house with the support of other hon. members, the union have agreed to go back to work in these factories if the government will put a controller in charge and agree that negotiations shall continue while they are at work. We cannot understand why the Minister of Labour (Mr. Mitchell) will not take that action at this time when British Columbia is short of containers for fruit and other perishable products.

Even if these factories commence operations at the present time the tree fruit industry—the hon. member for Yale (Mr. Stirling) will agree with this statement—will be short of containers this year. What is the reason for the delay in this action? Most people know that in British Columbia within three or four weeks it is customary, particularly in the coast area, for the logging companies to shut down on account of the hazardous fire situation. Cannot the Minister of Labour visualize; cannot he possibly see that, if this dispute is prolonged any longer and the fire season comes, we shall then have a heavy slugging match between the big operators in British Columbia and the union? That would be a most deplorable situation. It would not benefit the strikers or the operators or the community. I urge the minister to give consideration to the appointment of a controller in the box manufacturing and container manufacturing plants. That at least would be a step in the right direction.

Mr. E. D. FULTON (Kamloops): The hon. member for Fraser Valley (Mr. Cruickshank) this afternoon referred to some facts which I brought to his attention appearing in the Kamloops *Sentinel*, which I received to-day. For the information of the house and the

Minister of Labour (Mr. Mitchell) I should like to give these facts and figures to reinforce what has already been said with regard to the strike. In its issue of June 12 the Kamloops *Sentinel* reports an address by a veteran millman before the board of trade, in which the speaker said:

The box requirements of the whole upcountry's fruit and vegetable industry represent 55,000,000 feet of timber. It would be physically impossible for the mills to saw this amount in the time left before the harvest is in full flood.

The 460,000 fruit and vegetable containers needed for the Kamloops district's crop represent 20,000,000 feet of lumber. Only 50,000 of the boxes have been processed.

Further down:

The grower's survey led to the conclusion that "even if the mills resumed production to-morrow there probably would not be enough shooks produced to market the province's crops."

Dealing with the Okanagan valley, it has this to say:

At Penticton it was estimated that if production had resumed June 10 there should be enough containers to handle the big crop. After that date there would be a daily shortage of 5,000 boxes—a potential money value loss of $10,000 daily.

At Summerland the picture was even grimmer. The mill advised growers some time ago it could not supply the shooks ordered even if plant operation were not interrupted. Every day this mill is strike-bound 8,000 apple boxes are lost and the growers lose about $16,000 daily. No cherry boxes have yet been delivered.

At Kelowna, Simpson's, the largest mill in the interior, despite fairly steady operations from October to May 17, had delivered only slightly over 40 per cent of shooks ordered. At normal production rate it will require five months to catch up with orders. Capacity of the plant is determined by lumber supplied and it is short nearly 3,000,000 feet. It can produce 10,000 apple boxes a day.

At Vernon growers estimate a shortage of 8,000 boxes daily, with a daily loss to the community of $16,000.

There is a good deal more of the same sort of facts, but I think I have given sufficient in concrete proof of the loss facing the people in the interior of British Columbia.

As regards the strike itself, there have been some developments which have not perhaps been brought out in the statements made here in the house. One of the most interesting ones is that the union made a proposal to the British Columbia fruit growers' association that if they would support the union's wage and certain other demands they would put men back into the box factories. There was great hope that that would produce a resumption of work in the box factories, but it did not take place for the following reason—I am quoting from the same article:

The union, according to J. R. J. Stirling, the president of the association, also reserved the right to stipulate which employees could work during the truce because "there were certain former mill employees whom the union would not recognize."

The growers' association countered with an offer whereby the box factory employees would return under pre-strike conditions, with the British Columbia fruit growers' association guaranteeing to the workers the award on which the strike is eventually composed.

Also blocking acceptance of the I.W.A.'s three-week "truce" proposal was the reaction of national war labour board, when questioned by the British Columbia fruit growers' association as to the legal position.

I should like the Minister of Labour to listen to this because I am going to ask him some questions arising out of it.

Mr. MITCHELL: Ask all the questions you want.

Mr. FULTON: The minister is in an unusually generous mood. Perhaps he can produce a settlement of the strike. The article goes on:

The national war labour board declared that there could be no conciliation until the men returned to work on the pre-strike basis, and the board also announced it would not authorize any wage increase such as set out in the union's "truce" offer.

The regional war labour board also indicated that there would be no isolated local increase in wages such as might come about if, for instance, a group of growers in desperate need of boxes underwrote the operation of a box factory on the I.W.A. basis.

So that hope of resumption of work in the box factories came to nothing.

In the previous discussion on this question, several hon. members suggested that in order to provide a means of settling and preventing strikes a labour code should be devised. This question has received considerable discussion. The only existing labour code is P.C. 1003. It perhaps would not be well to go into the merits or demerits of P.C. 1003, but such as it is, it is the only labour code we have. It is my understanding that it does provide a set of rules by which disputes may be submitted to arbitration and in accordance with which they should be settled. That constitutes a set of rules which must be complied with before a strike can be called. If my understanding is not correct, I would appreciate it if the Minister of Labour would correct it. The merits or demerits of the code do not enter into the question. It is the only code we have. I would ask the Minister of Labour this question. Is the present lumber strike in British Columbia an illegal strike in view of the terms of P.C. 1003? If so, why have not the penalty terms of that order been complied with in an effort to end the strike?

I would appreciate it if the minister would answer these questions. In conjunction with other members from British Columbia, I would urge him to lose no time in appointing a controller in the box factories in an effort to get the men back to work.

Hon. HUMPHREY MITCHELL (Minister of Labour): I have listened to the hon. members here this afternoon and I was particularly impressed by the speech made by my hon. friend the member for Vancouver East (Mr. MacInnis). I do not think anything is to be gained by trying to be clever or smart, as the hon. member for Winnipeg North (Mr. Stewart) tried to be this afternoon. When he gets older and has more experience in this chamber he will understand that we can carry on only by being decent to one another, instead of sinking into the gutter like he did this afternoon.

No one underestimates the difficulties and complexities of the present situation. While the final responsibility rests upon myself, I think there is a responsibility on every member of this House of Commons, when he rises in his place, to give at least some leadership. Here we are passing through a difficult period in which we find an emotional breakdown after a long war. I do not believe that there is any short-cut to the settlement of industrial disputes. I have had enough experience to understand that. I also know that all the faults are not on one side. I know, of course, that politically it is always best to take the side of the larger numbers. You are not taking any chances when you do that; it is a perfectly safe thing to do. But what we are endeavouring to do in this country—I speak of the Canadian people generally—and what this House of Commons irrespective of party is trying to do, is, I believe, to protect the living standards of the great masses of the people of this dominion. I say that without any equivocation. While our approach may be different, I think that in the main that is the underlying motive of all the members of this chamber.

There is a philosophy or an ideology of government which holds that when you debase the currency, revolution is around the corner. There is no secret about that. Lenin preached it prior to the 1917 revolution in Russia. You may have read in last week's *Newsweek* what Mr. Earl Browder recently said in Moscow. In effect, what he said was that, now that the war is over, the more strikes we have, the nearer the revolution is. That is a matter of record. I say sincerely that I believe more can be done by negotiation and conciliation than in any other way. One of the Social Credit members spoke this afternoon about compulsory arbitration. I do not think he understood the import of his language.

Mr. JOHNSTON: I did not say "compulsory" arbitration.

Mr. MITCHELL: Wait a minute. I listened to you. Now let me speak.

Mr. JOHNSTON: Then get it right.

Mr. MITCHELL: The effect of what the hon. member said was compulsory arbitration.

Mr. JOHNSTON: No such thing.

Mr. MITCHELL: If you say a thing you have to take the other fellow's interpretation. This is still a free country. I say that the import of my hon. friend's remarks was that there should be compulsory arbitration.

Mr. JOHNSTON: It was no such a thing. That is the minister's misinterpretation of it.

Mr. MITCHELL: I shall be charitable to my hon. friend. Probably he meant nothing at all. However, if I cannot satisfy him, for goodness' sake let me say something of what I feel about compulsory arbitration. Neither employers' organizations nor labour organizations in North America agree with the principle of compulsory arbitration. Conditions are always difficult when one side says, "Now this is as far as we are going; we won't go any farther." The greatest progress has been made by labour and employers' organizations in this country when there has been a willingness to give and take, without resort to what labour men call the economic arm of the labour movement. As I said before, we have been reasonably successful. When you reflect that under the wartime labour relations order there have been thirty-two hundred odd cases, and only eight strikes, I think that is a pretty fair batting average.

The hon. member for Fraser Valley (Mr. Cruickshank) talked about an offer which he had received from some individual in connection with this dispute in British Columbia, to put these plants back into operation. He may have received it, but I did not. He showed me the wire, and I had the information relayed back to British Columbia, but we did not get the same kind of answer which he got from this individual. I believe that the offer of fifteen cents an hour and the revocable check-off is a fair compromise and that there is no sufficient reason for the non-acceptance of that offer by the trade union out there. At the same time I would say to the shipping companies on the great lakes that the 84-hour week is a relic of bygone days of industrial operations. Let us be frank about the mat-

ter; in this day and age, any group of employers who think they can put over the proposition of a 12-hour day and a 7-day week might as well try to push back the St. Lawrence. It cannot be done. I believe that, given the right degree of conciliation in both these disputes, there is absolutely no reason why they should have ever started. Working people never win by a strike. The leaders may get prominence; they may make a national reputation for themselves; but the men and women back in the trenches, the rank and file, have to sacrifice so heavily that often it takes them a long time to recover, and sometimes they never catch up. I believe that success in industrial leadership, whether on the part of employers or employees, requires them to have some regard for the rank and file. They are simple people, like myself, they have a spark of the divine in their make-up, and I believe that sometimes these "ships that pass in the night" are not giving the leadership which the workers justly desire and deserve.

Coming to the question of "passing the buck," let me tell the hon. member from British Columbia who raised it that I am not given to that practice, and the hon. member for Cariboo (Mr. Irvine) knows it very well. I accept full responsibility in the matter of the British Columbia dispute so far as my responsibility goes. But by the very nature of things, having been asked by the minister of labour of British Columbia to appoint a commissioner, I must confer with him and the commissioner in connection with the settlement of this dispute. Obviously the federal Minister of Labour in a country as vast as Canada cannot be responsible for every dispute which takes place anywhere in any province. I believe every hon. member will recognize that. In the course of time, and in my opinion within not a very long time, the constitutional jurisdiction in connection with labour disputes will have to be returned to the provinces. There is a good deal of sloppy talk about the centralization of power; but, as any lawyer knows, you cannot break a law by agreement. The only reason we have a national labour code in this country at the moment is that the power was included in the jurisdiction of my department under the War Measures Act. My hon. friends opposite have their opinions about legislation by order in council, and I hope it will be possible in the not very distant future to put the jurisdiction back where it properly belongs.

It is getting near six o'clock, and I have said all that I care to say at the moment. Hon. members can rest assured that when responsibility in relation to the settlement of these disputes is placed upon me, I will not shirk it.

Mr. FULTON: Did the minister intend to answer the question about P.C. 1003?

At six o'clock the house took recess.

After Recess

The house resumed at eight o'clock.

Mr. FULTON: The Minister of Labour (Mr. Mitchell) neglected to answer two questions I asked him just before the house rose at six o'clock. I wonder whether the hon. member for Cariboo (Mr. Irvine) would be kind enough to permit the minister to give the answers now. I asked whether the lumbermen's strike in British Columbia is an illegal strike within the meaning of order in council P.C. 1003? If so, why are the provisions of that order in council not applied?

Mr. MITCHELL: I cannot answer without the unanimous consent of the house.

Mr. FULTON: I appreciate that.

Mr. WILLIAM IRVINE (Cariboo): The discussion on the motion to go into supply has ranged over a rather wide field. Under such circumstances it is the privilege, of course, of an hon. member to bring forward whatever matter seems to him to have some importance; but the discussion as opened by the hon. member for Vancouver East (Mr. MacInnis) had to do with the two main strikes now in process in Canada, and I intend to say what I wish to say on this matter and, if possible, to bring the attention of the house back to that issue in particular.

I listened, as I always do, with great interest to the Minister of Labour (Mr. Mitchell) in his reply. I was particularly struck with the remark which he made as regards the responsibility of members of the house as well as the responsibility which devolves upon him as Minister of Labour. With that I wholeheartedly agree; and it is because I have some feeling of responsibility as a representative in this house, and feel something of the urgency of the subject itself, that I make the remarks that I am about to make.

I should like to say also that I appreciate perhaps more than most the abilities of the minister. I appreciate some of the problems with which he has to contend, and I hope that nothing that I say will ruffle his feelings or make his problem any more difficult; for it is most certainly something that I do not wish to do. But having said that, I would say

that his speech was more discouraging than I felt it ought to be in the circumstances. He gave us a few homely truths which I do not suppose anybody will dispute; in fact they are so commonplace and so well known as to be almost hackneyed. He told us, very truly, that there are no short-cuts to settling strikes of this kind. He also said that there are faults on both sides—there usually are. We all agree that these two things are true in this strike as in many others. But it must be a challenge to the genius of the minister himself and to the imagination of this house to find as short a cut as possible to settle the strike, to find out on which side the greatest fault lies, and to find a method of bringing some measure of justice to bear upon the situation.

I believe the minister allows a prejudice which many people feel against communism to influence his mind in this matter. He referred to some speech that a Mr. Browder had made in Russia to the effect that the more strikes we had the better for the revolution, or something to that effect. I am not very much interested in Mr. Browder or in his views in so far as they apply to the present situation. It may very well be that there are communists in the leadership of this strike; I do not know; but I do not think that it is the point at issue with us here. It is far more important that we should examine the conditions of the workers who are taking part in these strikes and satisfy ourselves that there is or is not, as the case may be, a just cause for these strikes. If there is a just cause for the strikes, then we must not allow our prejudice against any particular leader to prevent us from seeing that justice is done.

The minister himself roundly condemned the 84-hour week and said in language something like this, that you might as well try to push back the St. Lawrence as to prevent the ultimate coming of the 8-hour day. He says that it cannot be done. But the great fact is that it is being done; that it is going on before the minister's face and before our faces while we are talking about it. Therefore there is no use saying that it cannot be done. It is being done and we are faced with that outstanding fact.

I should like to point out that, according to the information which I have, there are some 5,800 seamen affected by the seamen's strike. I am informed that there are as many as 37,000 affected by the woodworkers' strike in British Columbia. To imply that we should be careless about taking active part in settling a strike because it is alleged that some communist is in the leadership—I may not be interpreting the minister's remarks aright, but that is how I got it—is to ignore the actual conditions which govern the lives of 37,000 men in British Columbia and 5,800 seamen. That is the point that we must centre our attention on.

The Canadian great lakes seamen work twelve hours a day seven days a week. That is the first fact. That is the pivot of the strike. That is the condition for which they are seeking a remedy. The question which we have to ask ourselves is whether that is a reasonable demand of men in this age; or if it is reasonable for shipowners to use all their power, all their skill and all their finances to prevent such a thing from happening. It seems to me that should be the chief business of the representatives of the people in this house, because this is not merely a matter of the wage-earners; it is not a matter merely of the shipowners, or both of them. It is a matter of the economic life of this nation. It is also a matter of particular urgency because of world conditions as we know them. To-day we heard the Prime Minister (Mr. Mackenzie King) review what he said appeared to be a dangerous situation in the world, and say that he thought more production and better distribution were the best remedy he could see for the world problem. I think most of us will agree, but here is a situation in which production has stopped and distribution has ceased; and by permitting that to go on we are increasing the dangers to which the Prime Minister made reference this afternoon.

The 8-hour day for seamen was recommended by the international labour office of the league of nations in 1920. That was a long time ago, and this house has had ample opportunity to take some action on that question. I agree with the hon. member for Vancouver East (Mr. MacInnis) that since these seamen are not confined to one province; since they are on the oceans on both sides of the country and sail the great lakes in the centre of Canada, it is not a matter which any provincial government can handle. It is specifically a matter for the federal government to take a hand in. I suggest that the seamen's strike for an 8-hour day should never have happened in Canada; that legislation should have been passed long since making it illegal for men to have to work twelve hours a day seven days a week or lose their jobs. I am not saying that all the responsibility or blame should fall upon the Minister of Labour. I accept my share of that responsibility, together with all other hon. members; but I insist that this is something which ought to have been done long ago. When I speak of that recommendation, though it was endorsed by

the delegates representing Canada it has never been ratified by this house, and most certainly it never has been implemented.

This condition, then, in my opinion should have been corrected by legislation; but instead of that being done, I am informed that when a certain company offered to introduce the 8-hour day on the great lakes the war labour board refused to countenance it. I am quoting now from the brief of the Canadian seamen's union, which says:

> Recently the Imperial Oil and the McColl-Frontenac Oil Company, who operate oil tankers on the lakes, applied to the national war labour board for permission to abolish the 84-hour week and to replace it with the eight-hour day, 56-hour week. Unbelievable though it may sound, the war labour board so interpreted P.C. 9384 that they refused these oil companies the right to introduce the eight-hour day.

Mr. MITCHELL: If I may point out to my hon. friend, that is not a statement of fact. The war labour board approved the 8-hour day on that application.

Mr. IRVINE: The minister says that is not a statement of fact. Then, of course, the judgment must lie as between the minister and the brief, and I am not competent to judge as between the two.

Mr. MITCHELL: I am saying that on my responsibility as a minister; that the war labour board approved the 8-hour day on the application to which my hon. friend has referred. That is Imperial Oil, is it?

Mr. IRVINE: Yes.

Mr. MITCHELL: Then that was approved.

Mr. IRVINE: Well, as I say, Mr. Speaker, I shall leave the minister and those who drew up the brief to settle that matter; but it is not too late yet for the government to act.

Mr. MITCHELL: I am talking about the judgment of the board. I am not talking about something which was written by somebody else, probably for propaganda purposes.

Mr. IRVINE: I have no intention of disputing the minister's word. I merely quoted what was given to me as fact. Personally I do not know which is the fact. I must take one or the other, or both, or neither; perhaps in the long run I may take neither, but for the present I must accept the minister's statement. It is urgent, however, that our ships should be running now as they never ran before. The need for them is even greater, if that be possible, than during the war years. I suggest that the minister now introduce legislation for an 8-hour day for the seamen of Canada and that it be rushed through, with the three readings at one sitting if necessary, thus making it illegal for the shipowners to have men working twelve hours a day on their ships; and failing that, to put in a controller and take over the shipping until such time as settlement has been reached. I need hardly point out that the 8-hour day for sailors is universally accepted. Certainly it is accepted in the United States, in Great Britain, in New Zealand, in Australia, and, indeed, in all other forward-looking countries. How is it that Canada should be so backward in a matter of this kind?

I think we should note also that the seamen's union did not press for the 8-hour day during the war period. They did not permit anything to interfere with the uninterrupted operation of Canada's merchant marine. It is worth noting also that a thousand of these men went down with Canadian ships while carrying on the business of war. I think we ought to be a little more considerate of their case when we realize the real sacrifices they have made and are making to the economic life of Canada. The 8-hour day was promised by the shipowners during the war. They said that when the war was over the 8-hour day would be granted, but when the war was ended the shipowners refused to keep their promise. In 1945, when the unions were negotiating the agreement under which they were operating before the strike took place, they pressed their claim again. Still the shipowners refused, and the agreement under which they were operating was signed only after a clause had been included which permitted the renegotiation of any clause to take place on the giving of ten days' notice by either of the parties.

So it is not true, as someone has suggested, to say that in calling this strike these men have violated their trust with the employers. However, the union took advantage of this clause to call the strike when they had failed to negotiate satisfactory arrangements with the shipowners. But even when the strike had been called, they still strove to have it settled by negotiation before the actual strike took place. Accordingly they applied to the Minister of Labour. The minister acted. I understand he called a conference for April 8. On that date representatives of the unions appeared, but the shipowners had disappeared. They refused to meet; hence the conference was abortive.

Having failed in this, the union called their strike on April 9, or at least called a strike vote; whereupon the ship owners countered with expensive and elaborate advertising in many of the daily papers of Canada, issuing strong press statements to the effect that they would fight the seamen to the last against their demands for an 8-hour day.

We now come to the question: Can the shipowners afford to pay for an 8-hour day? I am not going to enter into the profits they made during the war, although that might very well be done. But I would say that morally this nation cannot afford to allow the continuation of a 12-hour day, seven days a week. Any industry which cannot afford to employ its men on an 8-hour day should either cease operation or be subsidized by the public, so that one class of worker may not have to bear more than its share of the national burden.

United States lake shipowners have an 8-hour day. Not only do they have an 8-hour day; they pay from 50 per cent to 95 per cent higher wages each month to their men than is paid by Canadian companies, and they receive exactly the same rates or charges for the freight they move. An American able seaman on the lakes receives $216 a month for an 8-hour day, while a Canadian able seaman receives $112 a month for a 12-hour day.

Mr. MITCHELL: And board, in both cases.

Mr. IRVINE: Yes.

Mr. GIBSON (Comox-Alberni): Making another $50.

Mr. IRVINE: That is for both, and does not alter the relationship. An American deck-hand receives $166 for an 8-hour day, while the Canadian deck-hand receives $89 for a 12-hour day, despite the fact that both companies charge the same rate.

Here is a Canadian ship loading grain in a Canadian port alongside a United States ship loading grain from the same elevator. They are both bound for the same port; both carry the same grain for the same freight rate. Yet there is this differential both in hours of labour and in wages paid as between the United States and Canadian companies.

Those of us who are proud of Canada, and are going some day to be proud of the Canadian flag waving over us, ought to see to it that under that flag our working people have at least as good a chance to live as those under any other flag in the world. If the United States companies can afford to pay the wages they are paying, and give an 8-hour day to their seamen, when they are hauling the same goods as our men are hauling for the same freight rates, then I want to know what justification there is for our permitting Canadian seamen to work twelve hours a day, seven days a week for almost half the wages being paid by competitive companies in another country.

I need hardly refer to the condition in connection with the great strike in British Columbia. Most of us are aware of the need for more and more lumber. All hon. members have been impressed by the pleadings of the hon. member for Fraser Valley (Mr. Cruickshank), and his efforts to save the fruit crops in his constituency and province. I am told they have in sight only about 40 per cent of the amount of lumber required to take care of the fruit crops this year. In a time like this, when foodstuffs have greater value than ever before in the history of Canada, there is a real urgency for immediate action on the part of the house and of the Minister of Labour.

I would plead that we lay aside whatever prejudices we may have in respect of any particular individual in connection with the leadership of these strikes, that we look at the great number of men affected, that we examine the facts and the conditions under which they are working, and that we take action on those grounds, and on no other.

Mr. THOMAS REID (New Westminster): Mr. Speaker, I rise to say a word to those who spoke this afternoon regarding the situation in British Columbia. First, may I comment upon the question asked by the hon. member for Kamloops (Mr. Fulton). I do not pretend for a moment to answer the question the minister was asked, because he answered his questions ably, himself.

But when the hon. member asks a question regarding an illegal strike I think we might as well face the facts. The unions draw up agreements with the owners of factories. Certain clauses appear in those agreements, one of which is that a fine of $20 and a gaol sentence shall apply to all strikers who shall participate in an illegal strike. How could you take 37,000 men who are on strike and put them in gaol, even if you did declare their strike illegal? It does not seem to make sense. We may as well face that fact, instead of saying to the Minister of Labour (Mr. Mitchell), "Why do you not enforce this clause respecting illegal strikes"? It simply cannot be done. In future agreements drawn up between workers and either provincial or federal governments, I suggest that we should be more careful and not include in the orders in council clauses which cannot be reasonably enforced.

When I last spoke in the house it was pointed out to the minister just how serious the strike had become, so far as its effect on the fruit crop was concerned. But as the strike continues, it begins to affect other branches of produce as well. As recently as Saturday last the hon. member for Fraser Valley and myself, who are members of the Fraser valley milk producers' association, received telegrams from that association saying

that if they did not receive barrels and boxes at an early day the canned milk and powdered milk which they produce for shipment to Great Britain could not be made available. As time goes on, we find matters getting worse every day.

I would refer for a moment to the strike which took place last fall. At that time cans already manufactured were available in the factories in British Columbia, but the workers went on strike and refused to allow the farmers who were growing peas to get cans from the factories. The farmers had to stand by and see their produce wilt and spoil. After days and days of loss, the government finally did step in and take charge of the situation, and some of the crop was saved. I appeal to the minister this evening not to allow this thing to go on and on until there is no crop and then in the last days step in and take charge of some of these factories. At that time it may be too late.

I realize the difficulties faced by the minister. We all know that the unions want to force the government to use the big stick on the owners. We may as well be frank about the matter. If the government do that in one instance, they will have to do it in every instance that occurs across the country. These matters have not been stated until now, but we may as well face the facts, and I think what I have just mentioned are the facts of the situation.

I urge the minister to do what he did in the canners' strike. If he puts in a controller I feel reasonably sure that it will not be long before a complete settlement takes place. I am assured of that by those who are handling the situation in British Columbia.

Mr. J. H. MATTHEWS (Kootenay East): Mr. Speaker, I had not intended making a speech to-night, but I want to support once again the appeal made this afternoon to the Minister of Labour (Mr. Mitchell) by the hon. member for Fraser Valley (Mr. Cruickshank). As we approached the weekend we had high hopes that when Monday morning came around we would hear that this strike in British Columbia had been satisfactorily settled. I listened to the questions put to the minister this afternoon by the hon. member for Fraser Valley and the minister's answers. His answer to the first question was no, that the strike was not over. The second question was if he were going to put a controller into these plants and open them immediately, and the answer was no. I think that came more or less as a shock to many of us.

Mr. MITCHELL: I did not say "no" to the second question.

Mr. CRUICKSHANK: Oh, yes, you did.

Mr. MITCHELL: Just wait a minute.

Mr. CRUICKSHANK: We have waited for three weeks.

Mr. MITCHELL: If I remember correctly, what I said was, "no", to the first question; and to the second question with reference to a controller, that consideration was being given.

Mr. MATTHEWS (Kootenay East): That is exactly the answer that the minister gave to me personally last week. I appealed to him and showed him certain telegrams that we were receiving from some of the fruit growers of British Columbia.

Mr. MITCHELL: If I might say to my hon. friend—

Mr. MATTHEWS (Kootenay East): No; the minister made his speech this afternoon.

Mr. MITCHELL: This is a matter of privilege.

Mr. CRUICKSHANK: The matter of privilege is always your way.

Mr. MITCHELL: I think there should be some ethics as between my hon. friend and myself. If he and I had a confidential conversation last week—and I have a vivid recollection that it was considered to be within the four corners of this room—and then he comes and repeats that conversation in this house, then there is no more conversation. You cannot deal with one another on that basis.

Mr. MATTHEWS (Kootenay East): On a question of privilege, I want to say to the minister right here and now that I have not repeated any of the conversation he had with me. I am merely stating the answer he gave in this house this afternoon.

Mr. MITCHELL: That is changing your tune.

Mr. MATTHEWS (Kootenay East): That is the word the minister gave publicly in the house this afternoon. The hon. member for Fraser Valley—

Some hon. MEMBERS: Hear, hear.

Mr. MATTHEWS (Kootenay East): —has tried his best.

Mr. MITCHELL: Unless my hon. friend changes the record, you can read the record of what he said this evening and see that he said, "last week."

Mr. MATTHEWS (Kootenay East): The minister should read the record of what he said this afternoon. The hon. member for Fraser Valley has tried consistently not to take sides in this dispute, and I have tried to do the same thing. I realized that the minister was doing his best through the appointed officials in British Columbia to settle this dispute. But what is the use of appealing for more and more production in Canada? I have listened to appeals such as that made this afternoon by the Prime Minister (Mr. Mackenzie King), and then I see the hypocritical attitude taken by the government in refusing to do something when there is an appeal from all over the country for immediate action.

As the minister said this afternoon, we ought to deal with this matter constructively. I think every word I have said in this house so far regarding this strike situation has been constructive. I have tried to follow the position in which the minister found himself. But what do we have here? Week after week the strike is going on and day after day there is in British Columbia considerable loss of fruit which we can ill spare. This is fruit that should have been saved. We are told that even if the mills began to operate to-night they could not begin to supply containers for the fruit that is still to come. I appeal to the minister to put himself in solid with the people of British Columbia by placing a controller in these mills.

Mr. MITCHELL: Would my hon. friend go in and knock the dollar down to seventy-five cents in Vancouver, British Columbia, and allow the working classes to suffer?

Mr. MATTHEWS (Kootenay East): My appeal is to put in a controller at once and get these box factories opened. Then you can allow the ordinary procedure to work in order to settle the strike, no matter how long it takes. Why should so many innocent people suffer because of the attitude of this government? My appeal is to put in a controller and then let them work it out themselves, as I believe they will.

Mr. C. C. I. MERRITT (Vancouver-Burrard): Mr. Speaker, I want to add my voice to those who are asking the minister to step in and take the necessary action to bring this strike to an end. I do not suppose there is really anything I can say that has not been said this afternoon, and I am not going to speak very long. This afternoon the minister asked the members of the house for leadership. In my view the members of the house have given him an almost unanimous expression of opinion. The members of his own party, the Progressive Conservative party, the C.C.F. and I believe the Social Credit party, although I am not certain because I have not heard them in this debate, will be behind him in taking whatever steps he finds necessary in the public interest to bring this strike to an end at once.

Mr. JOHNSTON: That is exactly what we said.

Mr. MERRITT: I was not in the house when the hon. member spoke. That is a simple proposition. Surely the minister must know that if he has the whole house behind him he has the country behind him. He can give the leadership that he spoke of to-day without any fear of any consequences ensuing therefrom.

Mr. MITCHELL: If you take over the industry and they do not go back to work, what then?

Mr. MERRITT: All I can say to the minister is that we have in British Columbia a situation where the chief industry of the province is tied up by a strike affecting thirty-seven thousand people. The production of berries and all other forms of food is being affected, as well as lumber supplies for UNRRA and Great Britain and those required in Canada for housing purposes. All these activities have been stopped by this strike. The strike, incidentally, has been declared illegal by the provincial minister of labour. The Minister of Labour (Mr. Mitchell) was asked to give his opinion on that point but so far he has not given it. We have had ample conciliation procedure, and we have had a report from a highly respected judge who knows the lumber business intimately from his own experience. His report has been made after a very fair and long hearing given to all parties. We have the Minister of Labour here saying that the union should accept that report not only as being a fair report but as being in the interests of the men themselves, because all this time they are losing wages. We have the Prime Minister (Mr. Mackenzie King) calling for production. Most important of all perhaps, we have all the newspapers in British Columbia, the organs of public opinion, of absolutely one mind, that neither the interests of the operators nor the interests of the men are any longer the matter of prime importance, but that the interests of the people of Canada, and particularly of British Columbia, together with the needs of the whole world at this time, should be the dominent and compelling factors in this situation.

I think what is going through the minds of the members of this house is, first, the absolute necessity of constructive action being taken at once so that something will be saved of these supplies—

Mr. MITCHELL: I am looking for a way out. Would my hon. friend give me an indication of constructive action? Would he conscript labour, or what would he do? Let us bring this out into the open.

Mr. CRUICKSHANK: The men have offered to go back to work.

Mr. MERRITT: When the minister interrupted me with his questions—and I will come to them later—I was dealing with what I think are the two most important considerations. First, there is the necessity for speed so that something will be saved. Second, this house believes, certainly I believe, that the conciliation procedure provided by P.C. 1003 has been exhausted. We have been given no idea of what further steps the minister proposes to take. We have held off during the past weeks because we realized that there were conciliation procedures which could be followed and nobody wanted to make the minister's task more difficult. But when he spoke this afternoon he did not carry us anywhere past the provisions of P.C. 1003 or indicate to us any other measures that could be taken in a deadlock of this kind.

In normal deadlocks, once the conciliation procedure has failed, under our present law the parties are left to work out their own difficulties among themselves. But all members of the house are at one in believing that such a course cannot be followed in this case, but that some new departure in the realm of labour relations must be taken.

The minister asked me to say what further steps he could take. Naturally I am not as qualified as he is to indicate those steps. But I should have thought he had in mind several steps that he could take, and it makes me apprehensive that he should have asked me for advice because it indicates that apart from the appointment of a controller he feels there is nothing he can do.

Certainly the appointment of a controller of these plants would be one way in which a solution might be found. The minister suggests that the men might not go back to work. That is a chance that the minister must take, and from what I know of public opinion in this country, particularly in British Columbia, I believe that if the minister puts in a controller the men will go back to work. But if he should find that his fears are realized and that on putting in a controller the men will not go back to work, there may be other ways of dealing with the situation. In this particular strike—and I say this without reference to any other labour disputes—because the situation is so serious and the people of Canada, with the exception of the leaders of this union, are at one that it should be settled at once, I suggest to the minister that this is one case where, even if he were reluctant to do it as he well might be in every case, he might well invoke the penalty provisions of P.C. 1003, not, as the hon. member for New Westminster (Mr. Reid) said, against the innocent men who form this union, but rather against the central body that called this illegal strike and thereby put the whole public of Canada and the needs of so many people in other parts of the world in such peril.

Mr. CLARENCE GILLIS (Cape Breton South): I know this debate is becoming irksome to the members on the other side of the house. However, I consider this matter of greater importance than the new flag. The hon. member for Cariboo (Mr. Irvine) a few moments ago waved the flag a bit and said that he hoped that some day under that flag the conditions which the people of Canada fought for in two wars would become established. Of course, if waving the flag would solve this problem the Conservative party would have solved it years ago. But it is going to take more than just waving a flag.

We have been discussing in this house for weeks and weeks matters that are merely incidental in comparison with the major economic problems that face this country, and I say that after due consideration. I think the problem upon which the hon. member for Vancouver East (Mr. MacInnis) focused the attention of the house this afternoon is one upon which we might well spend two or three days of debate with a view to settling it. You can condemn the employers and you can condemn the men of the union, but in the final analysis it is the members of this House of Commons to whom the people of Canada are looking for advice and guidance in matters of this kind. They cannot be settled outside.

I am not going to deal with the woodworkers' problem in British Columbia because that has already been dealt with by the members from that province.

Mr. CRUICKSHANK: But we have had no answer yet.

Mr. GILLIS: Well, you voted for the government. You cannot blame me.

Mr. CRUICKSHANK: We might get some help from you.

Mr. GILLIS: The hon. member for Fraser Valley has done such a capable job himself that my assistance is hardly necessary. The hon. member for Vancouver East this afternoon focused attention specifically on the Canadian seamen's union disturbance and it is with that I shall deal. I have sat here and listened to the other members who have spoken, each discussing and developing the question from his own angle, and I think it must be obvious even to the minister that what he is doing will not settle these two strikes.

I am going to deal for a few minutes with the minister's difficulties. I think the machinery with which the minister has to work to-day in the federal department of labour invites difficulties of this kind. It is slow, cumbersome, legalistic, academic; it does not understand the basic problems of the workers, with the result that we have the kind of friction which has developed in this case. I have only to mention the steelworkers' union in Sydney. For four and a half years they have been patient and long-suffering, down on their knees, praying the regional and national war labour boards for a nickel to wipe out the differential in their wage rates. They are still praying, waiting and hoping. Fortunately the people of Nova Scotia have great patience. The seamen and the woodworkers are a little more impetuous, and as a result the minister has these difficulties on his hands. But I think the delay of four and a half years which I have mentioned is a good example of what I mean, and the case is still "in the slings". The seamen, heaven knows, have been waiting since 1920 for someone to implement the 8-hour day for them. Internationally, everybody said they were entitled to it, and twenty years is a long time to wait. But what I was going to point out to the minister is that the time to stop strikes is before they start, and if some attention had been paid to this problem a couple of months ago, instead of the government sitting back and waiting for a divine providence to intervene, the trouble might not have developed into a strike.

The minister is faced, in settling the difficulty with the seamen, with the unfortunate fact that the antagonisms which have been allowed to creep in will not be permitted to be forgotten for the next twenty years. I am sorry the Minister of Justice (Mr. St. Laurent) is not in his seat at the moment, because I am going to be a bit legal at this time. The Minister of Transport (Mr. Chevrier), of course, is interested in this too, and I am glad he is in his seat. The hon. member for Vancouver East (Mr. MacInnis), some considerable time ago, and the hon. member for Rosetown-Biggar (Mr. Coldwell) raised in this house the question of the status under the Canada Shipping Act of Canadian seamen who were ordered by their union off their boats because of difficulties with their employers in a collective agreement under the Canada Shipping Act. Leaving a ship without the permission of the captain could be construed as deserting the ship, and so would bring the men under the criminal code. The minister at that time stated that it was not the problem of the Department of Transport, that the strikers more properly came within the scope of the criminal code. That is now evident, because these men were arrested for deserting their ship. Somebody asked the question this afternoon if they thought the laws of the union took precedence over the laws of the country. I say no; there is not any conflict. I went through the mill on this question, so that I know something about it; I had lawyers and judges waving their hands at me for some considerable time over it. Any trades union is entitled to make laws to discipline, regulate and guide its own members within its own jurisdiction without contravening any of the laws of the country. That decision was handed down at a time when I happened to be present. I do not say that it is in Beauchesne. Under the formula worked out by the government and accepted by the union, all employees are entitled to return to the ships except those who may have committed acts which brought them under the criminal code. In my opinion, when that strike terminates, any seamen who were on strike, regardless of their position at the present time, should go back to their ships, because the men who came off these boats and are now being tried under the criminal code merely obeyed the instructions of their organization, as other members did who came off later. The individual is not at fault, it is the organization which accepts responsibility; and by sending most of the seamen back, with that group out, and in the toils of the law, you are starting the first blacklist and providing legal machinery for discrimination. In my opinion all these men should be permitted to go back to their boats.

I said a moment ago that antagonisms have crept into this strike. When it developed first it was orderly and quiet. There were no disturbances. But I drew to the attention of the Minister of Justice in this house that there was a private detective agency in Montreal, the Fidelity Detective Agency, evidence of whose activities has been supplied to us by men who were hired by it. Accord-

ing to affidavits which are in our possession, men were paid $10 a day, provided with transportation in trucks, and sent to the city of Cornwall with instructions that they were to wreck the poolrooms and restaurants and get out of the city as fast as they could, so that these acts of lawlessness might be attributed to members of the seamen's union. That is an old stunt; it is thirty years old; I have seen it a good many times, practised by men imported from the same city. Away back in 1909, 1910 and up to 1925 they took these protectors of private property, put them on horseback, and, armed with all the authority of the state, they would ride you off the sidewalk. That sort of thing has been practised again in the case of the seamen's union. When the Minister of Justice answered a question I asked him on the orders of the day he told me that in so far as his department was concerned they did not enforce the law. That may not be his prerogative; the enforcement of the law may be in the hands of the provincial governments; but the Minister of Justice presides over a body in this country known as the Royal Canadian Mounted Police. It is exclusively under his direction and jurisdiction. If called upon they are required—

Mr. GARDINER: They are provincial police in five provinces.

Mr. GILLIS: I did not hear the minister.

Mr. MITCHELL: They are the only police force in five provinces. Some provinces have provincial police; some provinces avail themselves of the R.C.M.P.

Mr. GILLIS: Yes, but they can be called in to assist in any section of Canada regardless of the provincial police.

Mr. MITCHELL: At the request of the local attorney general.

Mr. GILLIS: At the request of the local attorney general? Well, we notice that Mr. Blackwell in Ontario is not allergic to police, because he manages to wave his wand and get as many as he wants at any time. The R.C.M.P. were used in Windsor and in Cornwall, and in each case they were requisitioned from this city. If the Minister of Justice has not any prerogative with respect to enforcing the laws, I think this House of Commons, in view of the fact that we make the appropriations which maintain that force, should have some understanding as to what they should be used for. I am not critical of the R.C.M.P. in their ordinary duties, but I do not think it was ever the intention of those who first mobilized the force that they should be used as strike-breakers across Canada when the workers of this country are looking for something to which they are legitimately entitled.

The Minister of Justice should accept some responsibility at least in investigating this detective agency which hired people in Montreal and shipped them to Cornwall with instructions to turn the public against the seamen who are on strike looking for the establishment of the 8-hour day and small increases in wages. It is time that we found out whether that kind of thing is to be permitted. I am reasonably certain that if this upheaval had not taken place in Cornwall and if McMaster had not established a recruiting agency—and I have an affidavit here with regard to McMaster which I shall read for the minister's benefit; it was sent to Mr. M. J. Coldwell—

Mr. MITCHELL: The hon. member does not need to tell me anything about McMaster; I know all about him.

Mr. GILLIS: He is allowed to run wild in Montreal; to act as the Al Capone of the shipping companies in organizing gangsters for the purpose of injecting them into a legitimate labour dispute in order—

Mr. MITCHELL: The hon. member is not going to put these words into my mouth.

Mr. GILLIS: I did not.

Mr. MITCHELL: "The moving finger writes and having writ moves on." Let me put the matter straight. I was speaking of McMaster as a trade unionist.

Mr. COLDWELL: The minister laughs.

Mr. GILLIS: I appreciate the minister's position. As minister he has to be dignified and he cannot call a thug a thug. He has to call him Gentleman Jim or something of that kind. But I am in the habit of using plain English in matters of this kind. What I am concerned about is the pattern which is being developed in the seamen's strike, and which is apt to spread to other industries if they get away with it.

The minister will remember the little steel formula and the strike-breaking in the United States some years ago. They were successful in exposing it after a lot of men went to gaol, suffered injunctions, broken heads and the rest of it. We do not wish to go through that kind of thing in this country. In my opinion it is that kind of action which is making it difficult for the minister. You have the employer standing behind barbed wire, completely alienated from his employees. You have the employee who has seen that mess at Cornwall.

It is that complex which makes the employee feel that the employer is the kind of a fellow who will secure a gun to shoot him so long as he does not get behind the eight-ball himself. They may be armed with crowbars, canthooks, peavies, old car springs and anything to smash things up. You cannot feel very kindly toward that kind of employer, and no doubt the employer is ashamed that he was engaged in action of that kind.

The employers of this country might as well understand one thing. They may look upon the unions as pests, but they are not going to get rid of them. They are here to stay; therefore the employers may as well learn to love them, and do business with them.

Mr. MITCHELL: I agree with my hon. friend.

Mr. GILLIS: The minister said that he knew all about McMaster. I am going to put one epistle on the record to let hon. members know all about him.

Mr. MITCHELL: I did not say that I knew all about him.

Mr. GILLIS: I hold in my hand a letter which was written to Mr. M. J. Coldwell, House of Commons, Ottawa. It is dated June 16, 1946, and was written by the solicitor who is handling the affairs of the seamen's union. It is as follows:

You will possibly remember reading in the Toronto and Montreal newspapers of Friday about certain statements made by H. N. McMaster, president of the national shipping federation, to the effect that the Canadian seamen's union was planning sabotage on our ships in July and other illegal activities. He is further reported as having stated he had eight men who were available to support his statements. We have procured an affidavit from one of these alleged eight men. It gives you the real story behind his statements.

That is the relevant part of the letter to the hon. member for Rosetown-Biggar. This is one of the affidavits which was secured in the province of Quebec. It is as follows:

Province of Quebec,
District of Montreal,

Affidavit

I, the undersigned, John MacPherson Osborne, merchant seaman, residing temporarily at 1434—

This fellow would not tell a lie. I continue.

—St. Urbain street in Montreal, domiciled in the city of Toronto, do hereby solemnly declare:

I am making this declaration of my own free will and volition.

On Friday, June 14, 1946, at about 9.30 a.m., Captain H. N. McMaster, president of the national maritime federation, communicated with me by telephone and asked me to meet him at 11 a.m. in front of the clock tower on McGill university campus.

[Mr. Gillis.]

I met him there at the appointed time, and he was in the company of another man whom I understood to be a Mr. Kelland. He asked me to try to form a policy committee of eight men, preferably members of the Canadian seamen's union, who were dissenters of the union and who would be willing to create confusion and dissension within the ranks of the Canadian seamen's union for the benefit of the ship owners.

He asked me to get these men to meet with certain ship owners whom he did not name at the C.S.L. wharf office on Ottawa street, on June 14, 1946, at eight p.m.

Captain McMaster likewise stated to me that either during the day or during the evening or night of June 14 a "job" would be done either at the Lachine canal or in the Soulanges canal and that it would be made to appear as though the Canadian seamen's union were responsible for this proposed illegal act.

The affidavit is signed by Osborne and his solicitor.

Mr. MITCHELL: What is the name of the solicitor.

Mr. GILLIS: The seamen's union solicitor is Irving Himel. The name of the individual before whom the affidavit was taken is Bernard S. Mergler. They are not Scotch. I continue with the affidavit:

As a matter of fact, on Wednesday night, June 12, at about nine p.m. I was taken to a home in Westmount by Mr. McMaster, where I was introduced to Captain Reoch and to Mr. Campbell, who was supposed to be the host. There were about eight other men there to whom I was not introduced, and I was told by Mr. McMaster that they all represented the owners of various shipping companies. I was questioned by some of the persons there as to what connections I could establish with the Canadian seamen's union and these ship owners told me to keep in communication with Mr. McMaster who would advise me as to what to do.

It was obvious that from my conversations and from my dealings with Mr. McMaster that he was closely connected with and in close cooperation with the ship owners and he was endeavouring to break the Canadian seamen's union for the benefit of the ship owners.

In consideration for my cooperation, Mr. McMaster offered me a job as personnel director of a proposed national seamen's benevolent association which would serve as an employment agency for the ship owners.

I 'phoned C. Sauras at the Canadian seamen's union office in order to give him this information of my own free will.

And I make this solemn declaration . . .

It goes on to give the regular form of declaration. There are several others here which were taken from some of the thugs who were sent in to Cornwall by the detective agency. They were taken after they landed in hospital, and they state who hired them, what they were hired for, and what the remuneration was to be.

It is all right to stand up in the house and to pull the Minister of Labour to pieces, to blame everything on him. We shall have to

remember that behind the scenes there are, in my opinion, greater influences in this country than the Minister of Labour or the government. There is an invisible government in this country, and that invisible government is the government which wields economic power. They are in a position to tell the Minister of Labour, or any shipping company, or any steel company, or textile company or packing house or any of these major organizations that they have to play ball or there will be no production. I believe that is going on to-day. I believe that will continue until, not only the minister, but each and every member of this House of Commons accepts the responsibility delegated to him by the constituency which sent him here, namely, to stand up and call a spade a spade.

A thing is right or it is wrong; and in my opinion in a country that has provincial police, mounted police and police of all descriptions it is wrong to allow a detective agency or a private concern of any kind to promote civil strife. They are making it difficult for the minister; they are confusing the public; they are trying to smash legitimate organizations, and it is time we all came to grips with that kind of thing and exposed it. If the only function that agency has to perform is to use hired thugs as catspaws when decent citizens of this country are merely trying to maintain decent standards; if private concerns have the right to promote the sort of thing that was promoted in Cornwall, then I think it is time we folded up and gave up the pretence that we are here representing the people and making laws that are fair and equitable to everybody.

I would not have taken part in the debate to-day at all but for the fact that I too listened to the Prime Minister (Mr. Mackenzie King) this afternoon. Some members of this group had the privilege of going to Europe in the latter part of 1944. I could not describe what I saw there then, and I can imagine the situation there now in the way of misery and human suffering. This is no time for strikes or interruptions of production on this North American continent. I believe that if the workers of this country are met fairly and squarely, with the cards laid on the table, they will not want to interrupt production. They realized in fighting this war that it was our war; they know we must follow through and attain the objectives for which we fought. One of the first requisites is the establishment of decent standards of living in the countries devastated by war. We should keep our shoulders to the wheel. Every machine in this country to-day should be producing foodstuffs, clothing and everything we can ship to these countries, because it is not going to be possible to solve the problem on this continent alone. The other countries have to be brought up, and we shall not be able to do this by fighting among ourselves and thinking in terms of thirty years ago, as those who are opposing the seamen's union are doing to-day.

I thought this sort of thing belonged in the past, hiring thugs to shoot people who are in legitimate organizations. I believe we should put our foot down and abolish these agencies if they serve no other purposes. They must be able-bodied men, and we should put them to work producing something instead of carrying on activity of that kind in this country in this day and age. There is no use in the Prime Minister going over to Europe and discussing the food problems of that continent with Attlee, Morrison, Cripps and these other people; seeing the situation as it exists there; coming back and trying to impress it upon us in this house and then, when he looks across the country, seeing the chaos which exists in the machinery of production, all over small, trivial matters. I have never yet met with any body of men who would not be fair and reasonable if you sat down with them and put the cards on the table face up. The only time they get suspicious and afraid of you, and do not trust you, is when they see the sort of activities that have been carried on in connection with this seamen's strike.

I see the Minister of Justice is in his seat now. I am not going to repeat everything I have said previously, but I say that the minister presides over the R.C.M.P. I believe they are a decent body of men—

Mr. MACDONNELL (Muskoka-Ontario): Would the hon. gentleman permit an interruption, just to suggest this? I listened to what the hon. gentleman said; and if the things described in that affidavit actually took place I agree with everything he said about them. I agree it is outrageous that things like those could happen, but I wanted to suggest to the hon. member that he read the affidavit again now that the Minister of Justice is here. I suggest that this house has a right to know whether these things have taken place. The hon. member is good enough to allow me this interruption, and I should like to ask if he knows any of these men himself, if he thinks they are responsible people. From what he said I gathered that he did not know them. To me the whole thing sounded like a kind of Oppenheim story. If it is true we should know it, and I suggest he should

put it right up to the authorities, so that this house and this country may know if these things are true.

Mr. GILLIS: I have already read the entire document. It is on record, and the minister can read it in *Hansard*. I am quite prepared to accept the statements contained in it, because we did meet with this Mr. Irving Himel, the legal representative of the Canadian seamen's union who is handling this problem. We met with him personally, together with a member of the union; we discussed with them these affidavits, and I believe they are all certified. I do not think any lawyer in this country would draw up a document of that kind and send it to members of the House of Commons, requesting us to make use of it, if it were not true.

Mr. COLDWELL: The local chief of police also made the same statement.

Mr. GILLIS: I think it would be imposing upon the time of the house to read it all again. The Minister of Justice can read in *Hansard* what I have said about the R.C.M.P., which comes under his department. They can be requisitioned from one end of this country to the other to engage in activities which, in my opinion, are beneath their dignity; that is, when they are called to take part in the sort of situation in connection with which they were sent to Cornwall, where private detective agencies were promoting civil strife and trying to blame it on the seamen's union. The R.C.M.P. should not be involved in a situation of that kind. I have too much respect for them to see them dragged into a mess like that. I do not think they were ever organized for that purpose. When I asked the minister a question in reference to this matter a few days ago he said it was not the prerogative of his department to enforce the laws. I quite agree, but I say that when a body such as the R.C.M.P., which functions under his department, is requisitioned for service in some part of the country, he should be reasonably sure that the service they are going to perform is in keeping with the purposes for which they were organized.

Mr. CHEVRIER: I suggest to the hon. gentleman that the R.C.M.P. had absolutely nothing to do with the mess he speaks of in Cornwall. They went there for one purpose only, to protect government property.

Mr. GILLIS: That is always the excuse. I have heard the same excuse for the last twenty-five years.

Mr. CHEVRIER: That is not an excuse; it is a fact.

[Mr. Macdonnell.]

Mr. GILLIS: Why were they not sent there when these two truckloads of thugs from Montreal invaded Cornwall? One of the first people assaulted in the city of Cornwall was a sergeant of police, who was rescued by members of the Canadian seamen's union. There were no R.C.M.P. requisitioned then.

Mr. CHEVRIER: No. The hon. gentleman refers to an officer of the township police—

Mr. GILLIS: Certainly.

Mr. CHEVRIER:—who was placed in that position. I may add that the chief of the township police investigated the circumstances to which my hon. friend refers and charged McMaster and several others, who are now before the Cornwall police court.

Mr. GILLIS: I know that; but you say the mounted police were sent only there to protect government property.

Mr. CHEVRIER: I say they had nothing to do with the mess to which my hon. friend refers.

Mr. GILLIS: They were sent to Windsor, also. They were not sent there to protect government property. That is always the excuse, you see, that it is government property or that it is private property; but the same consideration is not shown to those who established that property, who provided the labour and who should have an equity in the property, when they are trying to feed their families, as is the case with members of the Canadian seamen's union. During the process of fighting the war I saw many people in this house weeping salty tears for the Canadian merchant navy, the only part of our forces that fought the war under the banner of free enterprise. Why, if their wages were computed on an hourly basis, they were as low as sixteen cents an hour, working a twelve-hour day. Everyone spoke of the contribution they made, and that was all true. I think in proportion to number they suffered greater losses than any other branch of the service during the war. I do not believe the other branches would have been able to fight the war but for the Canadian merchant marine. They would have starved to death but for them.

Mr. CHEVRIER: No one denies that.

Mr. GILLIS: The war is now over. The seamen were patient and long-suffering. They fought the war; they took their chances and did not interrupt shipping. The war is now over, and they have believed what we told them. I heard the Prime Minister say that we were fighting this war for a new philosophy

and a new order of society; that when this war was over, those who contributed or who offered their lives for their country were not going to come back to things which existed in pre-war years. Every last soldier, sailor and airman believed that sory. They accepted our word.

The Canadian seamen's union is not asking for much. They are asking for an 8-hour day, instead of the 12-hour day they are working, and for three watches on their ships. Then they want a little upward revision in their wages. Surely they earned that in the process of fighting the war. They were dealt out of everything. They did not have uniforms; they got a tin badge and that is all they got. Surely the least we can do is to protect them from thugs hired by private detective agencies. That sort of machinery should be outlawed, and that is why I rise to-night to bring this matter to the attention of the Minister of Justice. We went through all that thirty years ago.

Why, I could stand here for the next ten hours, and tell stories—

Mr. MACKENZIE: The hon. member has said that that was all they got. I want to say to him, on the authority of positive knowledge, that our merchant seamen of Canada got five times the benefits that merchant seamen of Great Britain got, as a result of the war.

Mr. GILLIS: You see, to compare this continent with Great Britain is below the intelligence of the minister. They are still getting their people out of air raid shelters in Great Britain; they are still depending upon this continent to feed them.

Mr. MACKENZIE: The merchant seamen saved England.

Mr. GILLIS: Yes, I concede that, and for England to get back on her feet again is still part of our job. But I like to get away sometimes from taking England as a yardstick.

Mr. MACKENZIE: Do not let us decry our own effort.

Mr. GILLIS: I am not doing that. What I said was that after a lot of struggle, for five years—and I am not blaming the minister for it, because I know he was as sympathetic as anybody in the house; but unfortunately he has that invisible treasury board to deal with—

Mr. MACKENZIE: Not only that; he is a member of it.

Mr. GILLIS: Very likely a junior member.

Mr. CLAXTON: A senior member.

Mr. GILLIS: I can see the shadow of the Bank of Canada over him, and it frightens him.

Mr. MACKENZIE: No.

Mr. GILLIS: After a lot of pressure we did do some things for the merchant seamen. We restored benefits to them, when they had no uniforms. Their incomes were taxed during most of the war—even their war risk bonus. They were never relieved of that, the taxation on war risk bonus; and they got back certain pension rights.

Mr. MACKENZIE: But the hon. member said they got only a tin medal, and that is not right.

Mr. GILLIS: You do not see them going around wearing ribbons.

Mr. MACKENZIE: That is not fair.

Mr. GILLIS: The only recognition they got for service—

Mr. MACKENZIE: They got 80 per cent of the benefits of the service men in the three fighting forces.

Mr. GILLIS: Yes, but still they have not the right to educational benefits, and things like that. I am expecting it will be 100 per cent before the veterans affairs committee finishes its work this session.

Mr. MACKENZIE: My hon. friend is always an optimist.

Mr. GILLIS: Well, it is just as well to be optimistic. When one loses hope, then it is time to get out of the picture.

As I was saying, however, I am strongly urging the Minister of Justice to examine into the activities of this detective agency, and into the organizing of thugs to break strikes.

I say that with a great deal of feeling, because I could tell the house many stories in connection with the establishment of unions in this country in the earlier days. In those days we met the same kind of people, many of them from the same city, evicting people from their homes, leaving them out on the sidewalk, chasing them out of town two or three times. I thought all that was finished at least fifteen years ago. It is unfortunate that we find it still existing in this province of Ontario, and allowed to exist in Quebec.

I am going to promise the minister that this is one question I will not forget. I shall continue to find out something about this until such time as we abolish illegal agencies of that kind in this country.

Mr. CRUICKSHANK: Mr. Speaker, I rise to a question of privilege. Earlier in the debate it was suggested that the member

for Fraser Valley (Mr. Cruickshank) had quoted a wire without authority, owing to the fact that it was signed by one E. Dalskog in reply to a wire sent by B. G. Melsness.

My question of privilege is that another wire was handed to me three minutes ago. I particularly wish this to be put on the record, because it was implied that I was not speaking with authority or with correctness in respect of the wire I quoted, as coming from E. Dalskog, the international representative of I.W.A.

I wish now to quote the wire handed me:

Re letter following wire filed June 14 by E. Dalskog answering yours of 13th to me—

And this is the part which solves the fruit problem of British Columbia.

"—union prepared to immediately return men to work box factories under government controller with settlement of demands made with government after return to work." Letter following.

Mr. MITCHELL: Who signed that?

Mr. CRUICKSHANK: Signed by B. G. Melsness. I wish now to conclude the matter of privilege. My responsibility as a member was questioned in respect of a wire I quoted and an answer I gave. I now wish to quote a letter from Mr. A. MacNamara, dated June 15, as follows:

The minister asked me to acknowledge receipt of copies of your correspondence with the international woodworkers association. I am sending copies to Hon. George Pearson and Hon. Mr. Justice Sloan by airmail.

"By airmail"—and we spent thousands of dollars in long distance calls. Then I am questioned as to whether I quoted correctly, and as to whether I had authority to speak for I.W.A.!

Mr. MITCHELL: On the request of the minister of labour of British Columbia I appointed Mr. Justice Sloan of the British Columbia appeal court to act as commissioner. In disputes of this kind one has to act with the principals, not with the fellows down in the trenches without any responsibility.

My hon. friend has quoted a wire from the organizer of that union. I may say that matter was checked. I am informed by Mr. Justice Sloan, in connection with the leader of the men's organization in British Columbia, and the terms indicated in the wire could not be carried out by the leader of the men's organization.

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

Mr. MACKENZIE: As I indicated this afternoon, by agreement we are going to call two items which will be allowed to stand.

[Mr. Cruickshank.]

SECRETARY OF STATE

356. Departmental administration, $106,210.

Item stands.

TRADE AND COMMERCE

369. Departmental administration, $199,115.

Item stands.

NATIONAL HEALTH AND WELFARE

National health branch—

223. Advertising and labels division, $70,463.

Mr. FLEMING: The minister was to give us certain additional information on this item, particularly as compared with expenditures made in 1945-46.

Hon. BROOKE CLAXTON (Minister of National Health and Welfare): The leader of the opposition asked a question which I can best answer by telling the committee what happened. The work which is planned to be carried on by this advertising and labels division was carried on previously in part by the director of health services, by the food and drugs laboratory, by the laboratory on hygiene and by the proprietary or patent medicine division, four different divisions of the department's activities. It was found that the work was not being satisfactorily done because there was some overlapping. There were also some inconsistencies in the rulings made by departmental officers dealing either with radio advertising or with labelling. So it was decided, after the estimates for last year were prepared, to create a new division called the advertising and labels division.

This division was created on January 16, 1946, and an item of $13,000 was sought in the supplementary estimates to cover the expenses of the division for the remainder of the year. This item will be found on page 32 of the supplementary estimates. This vote represented the estimated expenses of the new division for the remaining three months of the year. It was not possible to set up the division before the end of the year, so that the amount actually expended was $100.11. The work of setting up the new division is proceeding and officers and employees from the old divisions are now being transferred. When the operation is completed the director of health services will not have anything to do with this operation except in an executive and administrative capacity. The food and drugs laboratory and the laboratory of hygiene will no longer have anything to do with this. The proprietary or patent medicine division will be absorbed and the new division will carry on the functions I described last Friday night.

In view of the operation which I have just described and which is still under way, it is not possible to say how much of each of the previous expenses will be met out of this estimate. We are still engaged in forming this new division which will render better service to the trade, to advertisers and to the public of Canada. The amount sought here will be sufficient to carry on the work of the division after it has been set up, but as it is not by any means fully set up the amount will be prorated throughout the year and the full amount sought in this vote will not be expended. Because of lack of staff and space we have not been able to set up the positions which were created in the new division and the salaries for these will lapse. There will be no duplication of payment.

Item agreed to.

National health branch—
224. Grants to institutions assisting sailors, in the amounts detailed in the estimates, $2,400.

Mr. MacNICOL: This vote covers grants of $200 each to twelve societies or organizations assisting sailors, but I wish to refer to only two, namely the Navy League of Canada at Halifax and the Navy League of Canada at Sydney. I am fairly familiar with the work that has been done by the navy league at all ports at which they have institutions, and in particular at these two. I assume that this grant is merely a gesture of appreciation for the work that is done by those associated with the navy league. There is a long line of men and women in the communities across Canada who have given sincere and hard service to this work. They have been able to provide large sums of money, great quantities of clothing, many varieties of comforts, ditty bags and so forth for distribution to sailors. I know the minister must be familiar with the work, but I wonder if the country generally knows what was done by the Navy League of Canada during the last war?

Mr. CLAXTON: I agree with everything the hon. member for Davenport has said.

Item agreed to.

National health branch—
225. Medical services—Indians and Eskimos, $4,103,390.

Mr. MacNICOL: It is not my intention to deal with this item at any length, because the matter of Indian affairs is before a special committee and I must be careful about any reference to that committee. There is an increase of over one and a half million dollars and I suppose the minister will have more complete details than are furnished on page 167 of the estimates. If this is to be used to provide medical services and so on for the Indians, I shall not oppose it.

Through many years I have visited about twenty-five Indian reservations, some in remote areas and others in the settled areas of Ontario, Quebec and Manitoba, so that I know something about this matter. Looking at page 167, I notice that three medical officers are being provided this year for the northwest territories. The next item shows an additional medical officer for the northwest territories. I have no doubt the minister will explain what these extra medical officers are going to do in that very large area. Last year there were thirty-two physicians, and this year there are thirty. That is going backward instead of forward. There were three graduate nurses last year, and two this year. The total medical service employees are fifty-six last year and fifty-six this year. There is an increase for temporary assistance of about $275,000 over last year. That would mean a lot of temporary assistance, and I hope the minister will explain what these additional temporary assistants are going to do.

There is a new item of $10,000 for publicity and information. I should like to know what that has to do with the Indian affairs branch. What does it want publicity for? It might have to do with instructing the Indians where to go for medical service, but I do not recollect any such item in any previous year. There was no such item last year. I notice that there is an increase of $5,000 for equipment maintenance and a considerable reduction in the item for acquisition of equipment. Is that equipment for hospitals for Indians? I am not opposed to reductions, but it is a large reduction and I had hoped that under the new minister the Indians would be getting a much better deal than ever before. There is a large increase in the item for construction of works and buildings. What is that for? Hospitals, schools or what? Another large item is for professional and special services. I presume that is for doctors, surgeons and nurses. Travelling expenses are up considerably, about $75,000. What does that large vote cover?

There will be another opportunity to discuss Indian affairs when the report from the Indian affairs committee comes before us. All I wish to say now is that I am anxious that a real change for the better will be made under these votes. I have long made up my mind, after consultation with teachers in the day schools on Indian reservations, particularly in remote areas such as around lake Nipigon, where you have to engage a boat

and go anywhere from twenty-five to fifty miles—I travelled over 100 miles by boat and paid $25 a day to make my own investigations—to bring this matter before the house. In one school I met a very bright teacher, and she strongly recommended—and I pass this on to the minister—that all teachers in the Indian schools be sent in their summer holidays by the department to some hospital or training school for thorough instruction in first aid. On one reservation I learned that the day before my visit an Indian had died just because there was no one present who could apply the most simple remedies for whatever sickness or illness he had. So I made up my mind that at the very first opportunity I would urge as strongly as I could that the teachers in the Indian schools in these remote areas like Fort Chipewyan, Fort Resolution, lake Nipigon and many other Indian reservations throughout the west—I met a very bright teacher at Fort à la Corne—be sent out at government expense and given a thorough training in first aid and applying the first remedies in all ordinary sicknesses until the Indian could be sent out for proper medical attention or a doctor brought in. This vote is largely for medical services and I am for anything that will improve the health of the Indians.

There is one other point. The Muncey reservation in Elgin county is a substantial Indian reservation, and if the minister had a talk with the doctor in charge—I do not know whether it is the same man now—the doctor would tell him one thing, and that is that if the Muncey reservation had a hospital like the one at Oshweken on the Six Nations reserve, it would be of great benefit to the Indians. The great trouble in getting the Indians to go to hospital some distance away is that the love of the Indian father and mother for their children is so great that they cannot bear to see one of them go away to a hospital at London, Chatham, Windsor or Woodstock. Much better results would be obtained if there were a small hospital on the Muncey reservation, and then the Indians would not have to send their children a considerable distance away to hospital. The department has a first-class doctor at Muncey, perhaps more than one. At least the man I met was excellent and very sympathetic. I have the highest opinion of him. He may not be there now because I met him some years ago.

I leave these two suggestions with the minister, that a small hospital be put up for the Indians where there is a substantial reservation, and, second, that the teachers in Indian schools in the remote areas be given thorough instruction in first aid.

Mr. CASE: The hon. member for Davenport has pretty well covered the ground with respect to the Indians, and I endorse what he has said. I am pleased to see an increase in the estimates for medical services to the Indians and Eskimos. If the money is properly spent—and I hope it will be—great good can come therefrom. I propose to address myself now to the problems of the Eskimos.

We know that the Eskimos are badly in need of medical and dental care, care for their eyes and so on. I understand that each year medical services are made available on the *Nascopie*, which travels to the far north. A medical doctor and a dentist provide inspection, care and corrective treatment for the Eskimos who present themselves on the boat during the time it is being unloaded. Coming from the war expenditures committee I have heard reports that boats are being sold at a very small sum compared with the original cost. I am not mentioning this by way of criticism because it is not my intention to go into that at the moment. My purpose is to recommend to the minister that his department give consideration to acquiring a suitable vessel from the Department of Munitions and Supply or War Assets Corporation with a view to equipping it as a hospital ship to be devoted largely to the health and welfare problems of the Eskimos, who would then not have to depend entirely upon the Hudson's Bay company boat which puts in at northern ports for a limited time while it is unloading. In other words, I am suggesting that the department give more particular attention to providing better services to the Eskimos, and I am suggesting, as a means to that end, that it acquire a suitable vessel, properly equipped as a hospital ship, and send it on its voyage so that it can play an adequate part in the health and welfare and general advancement of the Eskimos, for whose care we are largely responsible. That is about the only observation I have to make, along with my endorsation of what the hon. member for Davenport has said with respect to our Indians.

Mr. BRYCE: I should like to take the minister back to Manitoba for the time being. I have a great number of Indians in my constituency. I do not rise in a critical mood, but I want to be sure that the services of the Department of Mines and Resources and of the minister's own department are not duplicated. I am going to take him to Norway House and ask him to consider the position

of an Indian there with tuberculosis. I want him to tell me what is done. Has he a superintendent of medical services for Indians, in Winnipeg? If the minister can answer me as I go along it may save time.

Mr. CLAXTON: At Norway House there is a resident full-time doctor.

Mr. BRYCE: When Doctor Corrigan at Norway House decides that a patient must have treatment in a hospital, what is the next step?

Mr. CLAXTON: Move him to the nearest general hospital.

Mr. BRYCE: How are you going to move him?

Mr. CLAXTON: If necessary, by air.

Mr. BRYCE: Who is going to sanction air transportation?

Mr. CLAXTON: We usually do it here in Ottawa.

Mr. BRYCE: You do not mean to tell me that somebody is lying dying at Norway House, 425 miles north of Winnipeg, and you have to come to Ottawa to ask for sanction to move a dying patient?

Mr. CLAXTON: The hon. member is just a shade ahead of us. We are planning the appointment of eight regional superintendents who will include that as their responsibility and duty.

Mr. BRYCE: I asked you if you had one at Winnipeg.

Mr. CLAXTON: Not yet. We are setting up these posts.

Mr. BRYCE: There will be one at Winnipeg? Well, then, what is the Indian agent going to do, if your doctor does him out of his job? You cannot employ a highly paid doctor to do the work of an Indian agent. Doctors are more valuable to-day.

Mr. CLAXTON: I do not know whether the hon. member is in favour of our having more doctors or less.

Mr. BRYCE: I am in favour of having more doctors.

Mr. CLAXTON: We have a resident full-time doctor at Norway House; we propose to have a regional superintendent at Winnipeg; and they will not compete with the Indian agent in any sense whatever. They will work very closely with him. If the Indian agent receives word of anyone being ill he will tell the nearest doctor. If he cannot reach a doctor he will get out word by radio if he has that equipment, and we will take the necessary action.

Mr. BRYCE: Do you intend to have an aeroplane of your own for moving these people?

Mr. CLAXTON: An air ambulance?

Mr. BRYCE: An air ambulance.

Mr. CLAXTON: We have not any, but we have been immensely assisted during the war, as I believe the hon. member knows from the statement I made in the Indian affairs committee—I think he was there—by the assistance given us by the Royal Canadian Air Force and the United States Army Air Force, both of which had extensive establishments in the north country. That will now be replaced either by Royal Canadian Air Force assistance or by our hiring, as we frequently do, privately owned planes or else borrowing an R.C.A.F. or Department of Transport plane. We do not at present propose to have a private air force of our own. The territory is so great that it would take a considerable number of planes to cover it. It would not be an economic way to use planes; they would not be in the air a sufficient portion of the time to be economically used. What we aim to do is to use by one means or another the resources there are, and when we get stuck we shall find some other way of doing it.

Mr. BRYCE: At the present time, if anyone takes sick at Norway House and is brought to Winnipeg, will your branch be responsible for the movement from the train to the hospital, or will that be done by the Indian agent in Winnipeg?

Mr. CLAXTON: As far as the patient's health is concerned we are responsible for that.

Mr. BRYCE: But it is not only the supervision of his health, but transportation, and everything—

Mr. CLAXTON: Everything in relation to his health will be attended to by us.

Mr. BRYCE: You have to make that plainer for me. I want to understand this thoroughly before I leave it.

The ACTING CHAIRMAN (Mr. Golding): Order. I ask the hon. member to address the Chair.

Mr. BRYCE: I am sorry, Mr. Chairman I will try not to hurt your feelings any more. Mr. Chairman, I want to carry this farther; I want to get to the bottom of it,

because I know the trouble the Indians have had in coming from these places—Norway House, Grand Rapids, Berens River—they are three or four days on the way. Somebody must be responsible for them. When Doctor Corrigan puts them on the boat his duties are ended. Does the minister intend to increase that service by having somebody to look after them on the boat, or is there to be an Indian agent to do it?

Mr. CLAXTON: I have already answered the hon. gentleman. In so far as the health of the Indians is concerned this department is responsible, and if an Indian is to be moved for reasons of health this department will be responsible.

Mr. MacNICOL: There are so many Indians at Norway House, Berens River and Grand Rapids that I suggest the minister follow the same plan he did at Oshweken, as far as he can, and put up a small hospital there.

Mr. CLAXTON: We have a hospital there. We aim, as part of the programme of construction, to replace that with a larger and fire-resistant hospital.

Mr. MacNICOL: At Norway House?

Mr. CLAXTON: Yes. Also to have a number of nursing stations in that area, which has a total Indian population in that agency of 3,740.

Mr. MacNICOL: Where is the hospital now?

Mr. CLAXTON: At Norway House.

Mr. MacNICOL: I thought there was a hospital there, and I wondered why my hon. friend was speaking about the necessity of taking patients away from Norway House.

Mr. BRYCE: I should like the hon. member for Davenport to know that it is only a twelve-bed hospital; we have people dying there with tuberculosis, dying like flies, and they have to be moved to the new hospital at The Pas. Can the minister tell the committee what progress has been made with the hospital at The Pas; how many beds it contains; who has been appointed as doctor there, and give other information about it?

Mr. CLAXTON: At The Pas there is the Clearwater Lake Indian hospital, which was taken over from the United States army. It is a 100-bed hospital, and it is planned to enlarge that hospital quite considerably so as to make a more efficient use of the large central equipment they have. The number of beds will then be increased considerably. I cannot give my hon. friend the number of beds planned for yet, because the plans are still being prepared.

Mr. NICHOLSON: How many beds are there?

Mr. CLAXTON: One hundred.

Mr. BRYCE: It is not the intention of the minister to have tuberculosis patients placed in the little twelve-bed hospital at Norway House?

Mr. CLAXTON: It would depend on the situation. If the patient is in an acute or very infectious stage he would be put there for a time until he could be moved somewhere else. Certainly a hospital of that kind is not suitable for the care and cure of tuberculosis. It has twenty-two beds.

Mr. NICHOLSON: The United States army have a modern hospital at Churchill. Has it been taken over by the department?

Mr. CLAXTON: It has not.

Mr. NICHOLSON: What is being done with the hospital?

Mr. CLAXTON: I am not familiar with the situation of the United States hospital at Churchill.

Mr. MacNICOL: The minister mentioned the hospital at The Pas. When I made my inspection of the hospital at The Pas I was informed that the government had contributed a large sum of money toward the building of that hospital. It is a big building, and I understand that the Indian department has the operation of the whole of the main or ground floor. How many beds are on the ground floor of the hospital at The Pas?

Mr. CLAXTON: One hundred.

Mr. MacNICOL: Of course the Indians are all up and down the river, west as far as Cumberland House, and down the river as far as the Chimauawin and Moose Lake. I suppose the hospital will have to take care of all these Indians?

Mr. NICHOLSON: The hon. member for Davenport and the minister are speaking about two different hospitals. The minister is speaking—

Mr. MacNICOL: No; I am speaking about the one that has been up for some years.

Mr. NICHOLSON: The minister is speaking about the United States hospital about fifteen miles out of The Pas at Clearwater lake.

Mr. CLAXTON: Yes.

Mr. NICHOLSON: The minister said it has accommodation for a hundred patients at the present time.

Mr. CLAXTON: Yes.

Mr. McMASTER: I should like the minister to give us a breakdown of this large amount. How much of it is for hospitals; how much for doctors who devote their full time to the work and how much for doctors who devote part of their time? I know that in some provinces some of the reservations, such as those in Saskatchewan for instance, are some distance away from doctors. That may still be true. I know for a fact that sometimes the doctor makes a visit to treat an Indian who suffers perhaps from eye trouble and the bill amounts to about $25. Is there a maximum charge which the doctor can make? The doctors used to charge so much a mile, and then so much for the visit. Is that the system in vogue at the present time? If so, then the question arises as to whether the reservation should not have a doctor, or whether the doctor should not live closer to it, or whether some other means could be found to keep down what seems to be a large expense.

Mr. CLAXTON: Perhaps I should answer the various questions raised by the hon. member for Davenport and other hon. members. As has been said, the increase now being sought from the figure of $2,526,000 to $4,103,390, an increase of $1,577,390, is a substantial increase. That is sought because we are determined to take positive steps about the health of the Indians and Eskimos of Canada. The plans were made by the Indian affairs branch of the Department of Mines and Resources before the Indian health services were transferred to this department, to take effect from November 1, 1945. Since then we have gone over them carefully with the advantage of having direct contact between the Indian affairs doctors and our own doctors; we have drawn up a programme for Indian health services which hon. members who are interested will find summarized at page 75 of the proceeding of the special joint committee of the Senate and House of Commons, appointed to examine and consider the Indian Act, when I made a submission on June 6, 1946. The proposals of the programme of the department for the Indian health services are summarized there, and hon. members will see throughout the proceedings information which would answer many of the questions asked here.

One of the questions related to the general scope of the increased services proposed. These include greatly improved health services to Eskimos, opening three hospitals in the current fiscal year with a total bed capacity of 650, increasing by more than fifty per cent the departmental hospital bed capacity. These additions are the Miller Bay near Prince Rupert, taken over from the air force about a year ago with 150 beds, the Edmonton Indian hospital taken over from the army about November 1, 1945, with 400 beds, of which at least 100, with 100 more temporarily, are earmarked for veterans so long as they need them, the Clearwater Lake Indian hospital taken over from the United States army, 100 beds. The programme also provides for more adequate health services, and consequently the treatment of many more patients.

The hon. member for Davenport asked about the considerable increase in the amount sought for professional services, and that was referred to by another hon. member. This amount covers the expenditure by the department on part-time doctors. These doctors are engaged on various bases, depending on the local circumstances. Some of them are paid on a fee per patient basis; others at an amount per month. Altogether I can assure my hon. friends that the amounts paid are not regarded either by the department or by doctors as excessive. Their accounts are submitted in detail. They are gone over and, after verification, are paid according to the scales which have been established. I am sure that in some respects the amounts paid are not in line with the amounts paid for medical services rendered to other patients in the same area.

Mr. FLEMING: Are they higher or lower?

Mr. CLAXTON: They are lower. On the other hand, in ordinary times it does provide a steady source of income for doctors; but at the present time when doctors are overworked it is not quite as attractive as it used to be.

In addition to the departmental hospitals, Indians are hospitalized in general hospitals. During 1945, 16,239 Indians were hospitalized outside departmental hospitals for a total of 404,730 days in 417 hospitals. We intend to render more hospital service.

Reference has been made to tuberculosis, and the incidence of tuberculosis among Indians and Eskimos is very much greater than that among the white population.

Mr. MacNICOL: About seventeen times as great.

Mr. CLAXTON: On the average the figures are fifteen times as great as for the white population of Canada. They vary from place to place. In places like the Mohawk, the Six

Nations reserve, they are three times as great. But there are localities in which it is even greater than fifteen times as great as among the white population. That presents a special problem of diagnosis, isolation, treatment and cure. As we know, tuberculosis is a disease which can be cured. We have reduced the tuberculosis mortality among the white population from something like 200 per 100,000 at the beginning of the century to something in the neighbourhood of 45 per 100,000 to-day. In other words, among the whites we have wiped out three-quarters of the killing power of tuberculosis. That is not the case with the Indians; and in order to tackle that job we require a considerable increase in hospital beds, in X-ray equipment for diagnosis, and so on. This plan we have under way aims at achieving as much as we can do with the staff and space and facilities we can expect to get during the next year. In other words, this year money is not a limiting factor. The limitations on the service will be those of securing adequate, experienced staff and being able to do the amount of construction we aim to do. The results will not be immediately spectacular, because tuberculosis and other conditions of this kind cannot be dealt with in a year; but with a determined effort and a long-term programme there is no doubt at all but that we can substantially improve the health of the Indians. The building programme for this year includes a new hospital at Moose Factory which we hope to begin—

Mr. MacNICOL: Is that to be built out on Moose island or on the mainland at Moosonee?

Mr. CLAXTON: My understanding is that it will be on the mainland, but I shall verify that and give the hon. member the information later. At Fort Qu'Appelle, Saskatchewan, there is to be a fifty-bed extension to the present hospital; also a building replacing a nurses' home destroyed by fire; provision of adequate power house and doctor's residence. At Coqualeetza Indian hospital at Sardis, British Columbia, we are to build a nurses' home, power house, doctor's residence and children's ward. At the Edmonton hospital, Edmonton, we hope to do the necessary alterations and complete the building. Then at the Clearwater Lake Indian hospital, Le Pas, Manitoba, we are to build a doctor's residence. We also aim at least to commence the construction of five additional nursing stations at Bersimis, Quebec; Eskasoni, B.C.; Fort George, Quebec; Gypsumville, Manitoba, and St. Regis, Quebec.

[Mr. Claxton.]

The hon. member for Davenport also asked the reason for an item of $10,000 for publicity and information. That is designed to begin an educational programme among the Indians and Eskimos. There, as elsewhere, we find the greatest obstacle to health is ignorance and failure to put into practice what we know we can do. This programme involves the preparation of two simple leaflets in colour on child care and the rules of hygiene; the purchase of some pamphlets for use in hospitals; some simple, colourful posters; a film strip; a motion picture news clip, and then the translation of these into the Cree syllabics. This will account for this expenditure. In answer to earlier questions I should say that the hospital at Moose Factory will be on Moose island. The Clearwater Lake hospital at Le Pas, to which the hon. member for Selkirk referred, is about one hundred miles from Norway House by plane. I should add that the local doctor has authority, in the event of an emergency case and it being impossible to deal with the matter in any other way or to refer it to Ottawa, to take the responsibility upon himself of getting a plane.

Mr. MacNICOL: One hundred miles from where?

Mr. CLAXTON: From Norway House.

Mr. MacNICOL: There must be some mistake. Even by air it is 110 miles from the Pas to Cedar Lake, and it is thirty-six miles across the lake and then twenty miles from the lake to Grand Rapids; then from The Pas across to Norway House is a trip requiring a whole night and a morning by boat. I should say it would be 150 to 200 miles if it is a mile.

Mr. BRYCE: I should like to ask another question on that. The Norway House residential school was destroyed by fire a couple of weeks ago. Has the minister any information as to the data and information collected at that school concerning vitamins and nutrition? I am sure he is aware of the manner in which the school was divided into four sections and, how they all got different biscuits so many times a day or so many times week. Does the minister know if the material they were able to build up in that study has been destroyed?

Mr. CLAXTON: I have the report on that nutritional survey in my hand at the moment. It was completed.

Mr. BRYCE: I think it would be interesting to mention it to the committee. It was good work.

Mr. CLAXTON: It is exceedingly useful work. This survey of nutrition among North American Indians was conducted by the acting superintendent of the medical service, Doctor P. E. Moore and by Doctor F. F. Tisdall, who is very well known and who was consultant to the armed forces, as well as by the local doctor, Doctor R. S. C. Corrigan, and by Doctor Kruse of the Millbank memorial fund of New York. They obtained valuable results, which are being used not only in connection with health services to the Indians and Eskimos but also in connection with family allowances to the Indians and Eskimos in kind.

Mr. BRYCE: My question was really about the records in the school. Do you know if they were destroyed?

Mr. CLAXTON: I do not know.

Mr. ROBINSON (Bruce): We have two Indian reserves in Bruce county, and I am glad to say they are among the healthier reserves which were mentioned by the minister a few moments ago. The fact is, however, that we are still short of hospitals in Bruce, and we are having two built, one very close to the Cape Croker reserve and the other close to the Saugeen reserve. These hospitals are being built largely by public subscription, and I should like to ask the minister if his department would consider helping out with a donation, large or small as they may see fit, in order to help in the hospitalization of these Indians.

Mr. CLAXTON: We would have to know the circumstances of the case. In a limited number of cases grants have been made to hospitals, but only where the Indians in the locality represented a very large proportion of the population and the services necessary for the Indians could not be provided more economically in any other way, or as part of the regular services of the hospital. We have had many applications, and I had occasion to mention this two weeks ago, when the matter came up. We have had applications from every part of Canada; but, as hon. members know, hospitalization ordinarily is a matter for the provinces. In the great majority of cases the Indian health service pays the daily cost of hospitalizing an Indian as its contribution, in accordance with arrangements worked out with each hospital. Ordinarily we do not make capital grants.

Mr. NICHOLSON: Would the minister give consideration to taking over the American army hospital at Churchill? I visited there in 1943, at which time there were seven American doctors at that point. Frequently they were called out in emergencies to some of the Indian settlements and also to attend the Eskimos, and they were greatly concerned about the type of medical service we were providing in that area. In view of the fact that the supply situation is to be a factor, and since I understand that this establishment has been taken over by the Canadian government, it seems a pity not to make use of it. I can think of no good reason why the minister should not use these facilities for the benefit of the Eskimos and Indians in that north country. Could the minister state whether this has been given any consideration?

Mr. CLAXTON: I can state in a general way that consideration has been given to the taking over of every hospital occupied by the navy, army or air force of Canada or of the United States in Canada. We have looked at every situation, and a great number of them are still receiving consideration, so I shall be very glad to see that this is looked into further.

Mr. MERRITT: I note that the amount for temporary assistance under this vote has increased by almost $300,000. Does that include professional assistance or non-professional? If it is professional, why is it not included under the item for professional and special services which appears farther down in the list? It seems to me it must represent a change in policy, when we find such a considerable change in the amount of the item. I notice further that the item for cash allowances is more than doubled, going from $21,000 to $90,000. What is the nature of those allowances?

Mr. CLAXTON: An item for temporary assistance appears in the votes of almost every department. That item covers salaries or wages of personnel whose positions have not yet been made permanent, but who may continue in service for some time. In this instance it includes a considerable increase in professional personnel, owing to the fact that we have taken over the hospitals I mentioned, with a bed capacity of 650.

We propose, too, to have eight regional superintendents, including one from Manitoba and western Ontario. It also includes the addition of a considerable number of nurses for nursing stations, as soon as we can get them.

Mr. MERRITT: What about cash allowances?

Mr. CLAXTON: I shall answer that a little later on, if that is satisfactory to the hon. member.

Mrs. STRUM: What is the infant mortality rate among Eskimos and Indians? Are those separated from the general rates for all Canada?

Mr. CLAXTON: The infant mortality rate among Indians is given at page 91 of the minutes of proceedings and evidence of the special joint committee of the Senate and House of Commons on the Indian Act. I should make it clear that they are there given under the heading of diseases peculiar to the first year of life, and the rates are set out per 100,000 of population.

Infant mortality rates are usually shown per 1,000 of live births. Here, however, the figures on the number of live births are not reliable, with the result that the figure given is a rate per 100,000 of population. It will be seen that the rates for 1942, 1943, and 1944 are, roughly, three times as high as the white rate for all Canada, exclusive of the northwest territories. However, we do not know accurately the number of live births. So that if there is a greater proportion of births among the Indians and Eskimos than there is among the rest of the population, the infant mortality rate per 1,000 live births will be relatively smaller than shown here. However, as shown here it is three times as high as the whites.

Mrs. STRUM: Is any clinical or pre-natal care taken, or any attempt made to reduce the rate?

Mr. CLAXTON: In the Six Nations reserve, where there are 6,600 Indians, I believe every baby is born in a hospital, and the rate compares favourably with that among the white population. In other localities every possible assistance is given, in relation to the possibilities in those localities. There are only nine doctors in the whole of the northwest territories and the Arctic, but we hope to establish more doctors and more nursing centres to supplement the doctors. We also hope to do much more by way of education among the Indians, and also by way of special training of traders, factors, members of the Royal Canadian Mounted Police, and others in the north, including missionaries and teachers, so that they will be able to give more than just first aid assistance.

Mr. MATTHEWS (Kootenay East): Can the minister tell the committee in what percentage of reserves across Canada are nursing stations with well-equipped dispensaries? I am of opinion that we have a large number of small reserves located at great distances from hospitals. Those reserves are visited rarely by Indian agents, and I am wondering what such people will do in the future. Will nurses be stationed at such points to help them in their health difficulties, or does the department plan any extension work to place nurses on such reserves, so as to administer to the needs of the people before they have to go to hospital? I am referring particularly to the north Pacific coast.

Mr. CLAXTON: Every band of Indians in Canada has been surveyed. We have drawn up a long-term plan which provides by one means or another for their securing adequate health services. This plan has to be developed as people become available to carry it out, and as we develop the technical and administrative experience requisite to enable us to handle it. But every band—in fact, every group of Indians across Canada—is plotted on this map, and we aim by one means or another, where they have not existing services, to provide them with adequate health services.

Mr. CASE: I did not hear the minister's comment replying to the suggestion for a special hospital ship for the far north, and I therefore wish to address a further question in that connection. Does the minister consider the facilities of the Hudson bay boat adequate to meet the demands of this trip? I understand that the quarters are cramped, and that the facilities can be considered only as makeshift. What is the feasibility of the department's owning a ship which could be properly equipepd as a hospital ship? Does the minister consider the facilities of the Hudson bay vessel adequate?

Mr. CLAXTON: I believe I overlooked answering that part of the hon. member's question. We have looked into the matter of providing a special hospital ship. My recollection is that the cost of such a vessel would be about $250,000. This vessel would have had to be taken over from War Assets Corporation, and reconstructed. The amount I have mentioned would be largely the cost of putting it into shape for a northern voyage. The annual cost of operation would be something like $25,000. The effective period during which it would be in the far north where it would be useful would be somewhere betwen six and ten weeks, depending on the season. It would be an extremely expensive operation.

As I say, we have considered the matter, and still have it under consideration. But it would seem to us that that is not the most effective and economical way of doing the job.

As to the hon. member's further question concerning the adequacy of the services provided by the *Nascopie,* let me say that we are extremely glad to have those services. As hon. members are aware, the ship carries two doctors—usually most distinguished ones—who

render service during that trip. Relief doctors and nurses are also sent up. It would be much better if the ship could stay longer at each port of call, but primarily its visits are not for reasons of health but to provide service for the Hudson's Bay company and the other people who are on it. However, it does a very useful work and we are glad to have it. My hope would be that if the Hudson's Bay company are planning to replace the *Nascopie* they will do it with a larger vessel which would permit us to provide greater services on board.

Mrs. STRUM: Are trained Indian nurses going to New Zealand to take courses in midwifery?

Mr. CLAXTON: I did not know of that.

Mr. FLEMING: The minister has not answered the question asked by the hon. member for Vancouver-Burrard in connection with cash allowances, $90,580.

Mr. CLAXTON: Those are paid as maintenance to professional people and others who live away from the hospital or the nursing station to compensate for board and lodging.

Mr. FLEMING: It is a living allowance to people on the regular staff?

Mr. CLAXTON: Yes.

Mr. FLEMING: Would the minister explain the increase from $21,360 to $90,580?

Mr. CLAXTON: That is due to the large increase in hospital bed capacity and other development work being undertaken this year.

Mr. FLEMING: It is hardly likely you will require this amount this year. The minister can hardly expect to get all this hospital development under way.

Mr. CLAXTON: That would be the target. We shall not get the number of nurses and professional help to use the full amount the way things are going.

Mr. FLEMING: The minister has given considerable detail in connection with the item for construction of works and buildings, but I do not think we have had a summing up. What is the cost per bed of this type of hospital construction given in terms that we can compare with hospital construction elsewhere? What bed accommodation is expected to be provided out of this item of $840,000?

Mr. CLAXTON: I am afraid I have not it broken down in that way. The cost per bed in most of these hospitals is much less than the cost of general hospital construction in cities after you have provided for transporting the materials. You can imagine that the cost of transporting materials, workmen and equipment to do a job at Moose Factory would add enormously to the cost, but actually the cost of this type of hospital construction is much less than that of general hospital construction in the larger cities.

Mr. FLEMING: What will be the total hospital bed accommodation provided by this item of $840,000?

Mr. CLAXTON: It will be in the neighbourhood of 200 beds.

Mr. ZAPLITNY: I should like to pursue the question raised a while ago by the hon. member for Selkirk about the lack of medical care on the Indian reserves. I understood the minister to say that the medical care of Indians has been transferred to his department from Mines and Resources. Who is responsible for reporting cases of tuberculosis or other diseases found on the reserves? I suppose the Indian agent would still be under the Department of Mines and Resources, but medical care of the Indians is now under the Department of National Health and Welfare. Where do the two tie up? Does anyone take the initiative in reporting cases of disease on the reserve, or does the department depend upon the provincial health and welfare departments who send public health nurses around to the schools? What system is used?

Mr. CLAXTON: There is no difference at all in reporting cases from what it was before, except that we hope to have a larger personnel in the field. We hope to have more trained dispensers and a closer tie-in with the provincial authorities. Apart from that, the Indian agent, the doctor, the nurse or the provincial representative report the cases just as before. There is no division to prevent the Indian agent from communicating directly with us; in fact in some places the Indian agent is the same person as the Indian health service doctor.

Mr. ZAPLITNY: To what extent is there cooperation between the provincial health departments and the Department of National Health and Welfare? Is any use made of the reports submitted by the provincial public health nurses who visit the schools on the Indian reserves? There is a lot of data and information obtained in that way that could be used by the department if it were channeled into the department. Is there any liaison there?

Mr. CLAXTON: Yes. On the Six Nations reserve we are undertaking a mass survey of all the Indians for tuberculosis. They are to be X-rayed in July and August by arrangement with the provincial health authorities. Close cooperation with the provincial authorities obtains right across Canada.

Mr. FLEMING: The figure of 200 beds given by the minister works out to approximately $4,200 per bed.

Mr. CLAXTON: The figure I mentioned includes the provision of a power house and doctor's residence in one place and a nurses' home and doctor's residence in another. The hon. member asked for the total number of beds to be provided by this construction item. If the hon. member wants the cost per bed per hospital I can easily send that to him in detail.

Mr. FLEMING: Would this item include the cost of equipping the hospital, or is it simply for construction?

Mr. CLAXTON: For construction.

Mr. ZAPLITNY: There is an increase from $12,000 to $20,000 for meter rates; what is that?

Mr. CLAXTON: That is to cover meter rates for water service to Miller Bay and Edmonton hospitals.

Item agreed to.

National health branch—

226. Grants to hospitals which care for Indians and Eskimos, $204,320.

Mr. FLEMING: Would the minister indicate where these hospitals are located and what is the basis of selection for grants?

Mr. CLAXTON: This item provides for the payment of amounts of $1,080 to the Roman Catholic mission hospitals at Fort Smith, Fort Simpson and Aklavik; and a like payment to the Church of England hospital at Aklavik. Those are grants which are paid from year to year in accordance with a long standing arrangement. The item of $200,000 is granted to the Fort William sanatorium board for provision of an 80-bed hospital for Indians there. That is the most economic way of providing for the hospitalization of a large concentration of Indians in that neighbourhood who could not be served as well in any other way.

Mr. MacNICOL: How much was there for the hospital at Aklavik?

Mr. CLAXTON: That was $1,080, as well as for each of the other three hospitals I mentioned.

Mr. ADAMSON: Is there any grant under this vote for the training of Indians nurses? In Arizona a successful school has been established for the training of Indian nurses. It is found that they are very much more effective when dealing with their own race than the white nurses. Has there been any attempt, or does the minister think there may be an attempt to train Indian nurses?

Mr. CLAXTON: We have had a number of Indian doctors and nurses in the service and are anxious to get more. There is no regular machinery for assisting in the training of Indian nurses. That is usually provided by the bands or the Indian affairs branch, but we will certainly look into the question of facilitating that training.

Mr. ADAMSON: Do the Indian nurses go to the ordinary nursing schools?

Mr. CLAXTON: Yes, and the Indian doctors too.

Mr. FLEMING: Would the minister give figures indicating the incidence of venereal disease within, say the last two years, to establish trends, including both the civilian population and the armed services?

Mr. CLAXTON: I should have replied before to the question of the hon. member for Red Deer. I have looked into it and find there are no figures that are really reliable prior to 1943, when we reinstated this grant, partly as a war measure, and secured effective cooperation from the provinces and local authorities in securing reports. Figures on the incidence of venereal disease are apt to be misleading unless they are read by someone experienced because, as you secure a greater degree of cooperation and greater efficiency in collecting figures, the rate seems to go up, whereas it may simply reflect, not an increase in venereal disease, but increased reporting as a result of cooperation by doctors, patients, municipal and provincial authorities, so that the figures should be taken with that qualification. I have the figures for 1943 and 1944 here.

Mr. FLEMING: If it is not convenient for the minister to give them now, perhaps he will give them later.

Mr. MacNICOL: The minister mentioned Aklavik. There is one doctor there. Is he a departmental doctor?

Mr. CLAXTON: Yes.

Mr. MacNICOL: Does he take care of both the Roman Catholic and Anglican hospitals?

Mr. CLAXTON: Yes.

Mr. MacNICOL: Does he also look after patients at the Reindeer camp forty miles across the river delta and at Fort MacPherson and Arctic Red River?

Mr. CLAXTON: I am afraid the hon. gentleman's knowledge exceeds mine, but I think the doctor does look after those patients.

Mr. MacNICOL: He is an extremely fine man. He does a fine job and is highly respected.

Item agreed to.

Welfare branch—

227. Welfare branch administration, $37,635.

Mr. MERRITT: Would the minister explain the publicity item?

Mr. CLAXTON: The item of $4,000 comprises $2,000 which is sought for the establishment of a film library on welfare—the pictures have already been taken and we want to secure copies of the prints for distribution—and $2,000 which is unallocated.

Mr. MERRITT: With respect to this item of $4,000, I wonder again where it really fits into the picture. The welfare branch consists of the family allowances division, which has its own and a quite large publicity vote, the old age pensions and pensions for the blind division, and the national physical fitness division, which again has its own item for publicity. I said, when I first raised this question about publicity, that I was sure the minister could give some reason why each one of these publicity or educational items should be in the estimates. Naturally the members have to rely to a great extent upon the discretion of the minister, but I think it would be appropriate for me to say here that, as we have gone through the various items, I have not seen any general coordination of these quite large sums of money, totalling over $500,000, which would lead me to be certain that the money was being spent in the right place for the most useful purposes. It has been my impression, from the answers the minister has given, that the items are usually made up upon separate requests from provincial organizations or from the dominion health council which the officers of the department have met, and which have all seemed perfectly right and proper and been approved by the departmental officials and then have appeared in the estimates. We are dealing here with something which is nebulous and the value of which cannot be gauged as easily as the value of a doctor's services or the expenditure of a certain amount on drugs. I should very much like to see that this money was spent according to certain general principles laid down by the minister, in order that the money may be well spent. It would seem to me, although I am an absolute amateur at the game, that were I in the minister's position I should like to see this $500,000 spent perhaps in five large chunks for five specific services this year, so that at the end of the year I could tell whether the story I had to tell had definitely got over to the Canadian people in each of these five directions. Then next year perhaps take five other services. That is only my opinion. I would urge that the minister work out an over-all policy for publicity and educational expenses which will satisfy him, because he is the person who must be responsible to the house for the efficacy of his expenditures, that he is really getting over to the Canadian people the picture he wants, rather than a hundred little pictures which are requested by a hundred different agents.

Mr. CLAXTON: I appreciate the hon. member's comment. It seems to me that he is now contradicting one of the principles which he laid down when he first spoke on this subject. He said he thought one of the first principles should be that the publicity be directed to some particular group to which it was suited and from which it was hoped to obtain definite response. That is something we have had in mind with regard to publicity generally, but not in connection with family allowance publicity because there, since we deal with the parents of 92 per cent of the population, we deal with virtually everyone.

I should like to quote in this connection an interesting comment on this discussion, when it occurred last, from the Winnipeg *Tribune* for June 3, in which it is said:

> Health and welfare is an important concern of the Canadian people, educational work on a large scale is essential to it, and the colonel might well be asked what other department has in his judgment a better right to stand second to trade and commerce in its publicity appropriations.
>
> Colonel Merritt conceded that booklets dealing with child and maternal care were a good investment. He has perhaps heard—since the opinion is universally held by parents who have made use of these booklets—that they are of unrivalled excellence. But he apparently does not know that these booklets are distributed by and through the provincial departments of health "who have trained staffs in the field." Far from "by-passing" the provincial departments, as the colonel charged, the national department works in close and constant cooperation with them at every point where such cooperation is feasible.
>
> "Telling people what to eat on picnics" may seem an absurdity to Colonel Merritt, but the fact is that the department's manual on camp feeding is a model of its kind—

Mr. GRAYDON: Will the minister permit an interruption? Is he not offending against a well-known rule of the house by reading editorials here?

Mr. CLAXTON: No.

Mr. GRAYDON: I am not asking the minister's point of view on it. I should like to know the views of the Chairman, because he is the one who rules the house.

Mr. MERRITT: I should like to say—

Mr. CLAXTON: I should just like to finish this, if I may:

> —and meets a real need in an important sector of the nutrition field.

Mr. GRAYDON: One moment, please. I know the minister rules the department, but he does not rule the committee—yet. Perhaps the Chairman would give a ruling on the

question I raised, because many of us have been stopped before, and I hope there is not one rule for the rich and one for the poor.

The ACTING CHAIRMAN (Mr. Golding): It is something which should not be done. I hope the hon. member will see to it that the rule is observed, and I would ask the minister also to observe it.

Mr. MERRITT: May I say that it is not my purpose and never was my purpose to criticize proper expenditures on education, and if any newspapers in the country have a different view I suppose I cannot correct them, but I do not think the minister and I have any misapprehension as to what I have said throughout this debate. I simply indicated to him—and I thought this was the appropriate time—that one member of this committee does not feel satisfied that there is a proper over-all policy in regard to these expenditures, and I merely asked him if he would take that in consideration in his department for the next estimates.

Mr. KNIGHT: Would the minister care to comment on the matter of the supply or lack of supply of trained case workers for family welfare work? Theirs is a work which requires a particular type of individual and an intensive and specific training. Has the minister considered granting, say national scholarships to encourage young people to go into this work, because unless I am wrongly informed there is a sad dearth of people able to carry it on in the proper manner?

Mr. CLAXTON: Item 232, which we shall come to, provides $100,000 expressly for that purpose.

Item agreed to.

Welfare branch—

228. Family allowances—administration, $1,961,250. Family allowance payments, $250,000,000.

Mr. BLACKMORE: This item brings up the question of old age pensions.

Mr. CLAXTON: No, family allowances.

Mr. BLACKMORE: Surely they come under item 228.

The ACTING CHAIRMAN (Mr. Golding): Old age pensions is item 229; item 228 is family allowances.

Mr. BLACKMORE: I wish to discuss the question of old age pensions.

Mr. FLEMING: There was a good deal of information which I was going to ask the minister for. If I indicate it now, it may give him an opportunity to muster the information and make it available to the committee at the next sitting.

Mr. CLAXTON: I may say that, in view of the fact that this month we complete almost a year of family allowance administration, I thought the committee and others would be interested in a fairly complete statement with the filing of figures showing eleven full months of administration and some general observations on the way it has worked out, and I am prepared to do that just as soon as we get another opportunity. I think some of the hon. member's questions would be anticipated in the statement I intended to make.

Mr. FLEMING: Would it assist the minister if I indicated now, in just a word or two, the points I think might be covered? In the first place, we had, on December 15, 1945, shown on pages 3603 and 3604 of *Hansard,* certain tables. Would the minister bring down comparable tables for the last month for which figures are available?

Mr. CLAXTON: They will be filed right up to May.

Mr. FLEMING: In the item of $150,000 for publicity and information could we have the expenditures and the projected plan?

Mr. CLAXTON: Yes.

Mr. FLEMING: In the next place, the expenditures contracted for by months to date from the commencement of the operation of the family allowances, in respect of publicity.

Mr. MacNICOL: Does the minister wish to put the tables on *Hansard?*

Mr. CLAXTON: If I might, I should like to file, first, a table showing family allowance payments for the months from July, 1945, when the first payment was made, to May, 1946, when the last payment was made; second, a table showing statistics based on the May, 1946, family allowances payments; and, third, further statistics, broken down by provinces, of the payments in May, 1946. May I have the unanimous consent of the committee to put this on *Hansard?* We have some further tables to be filed later, but it will, I hope, be a convenience to hon. members if I file these now.

Hon. MEMBERS: Agreed.

Mr. CLAXTON: The tables are as follows:

(See tables on pages 2587, 2588, 2589.)

Item stands.

Progress reported.

On motion of Mr. Mackenzie the house adjourned at 11.05 p.m.

FAMILY ALLOWANCE PAYMENTS

Province	July	August	September	October	November	December	January	February	March	April	May
	1945	1945	1945	1945	1945	1945	1946	1946	1946	1946	1946
P.E.I.	177,058	179,762	180,247	180,724	180,308	181,099	179,550	180,806	181,007	181,187	180,672
N.S.	921,333	1,021,837	1,107,919	1,065,667	1,068,959	1,111,203	1,080,260	1,082,918	1,087,899	1,087,512	1,087,552
N.B.	849,136	874,203	897,267	914,078	909,118	916,995	919,077	920,454	923,155	923,652	925,856
Que.	5,948,309	5,782,627	6,589,206	6,160,887	6,724,978	6,955,275	6,660,314	6,523,020	6,634,200	6,765,204	6,764,992
Ont.	4,836,416	5,415,149	5,358,240	5,584,078	5,652,496	5,609,906	5,642,421	5,650,451	5,672,760	5,639,651	5,681,433
Man.	1,029,982	1,080,122	1,126,609	1,103,908	1,110,192	1,120,667	1,115,086	1,126,125	1,120,206	1,139,630	1,142,923
Sask.	1,397,838	1,450 335	1,458,178	1,470,796	1,477,010	1,478,397	1,482,050	1,506,504	1,488,989	1,491,291	1,492,853
Alta.	1,298,084	1,328,773	1,390,950	1,367,858	1,372,094	1,382,068	1,384,339	1,394,192	1,391,070	1,392,683	1,392,942
B.C.	1,111,778	1,152,554	1,176,939	1,187,474	1,201,657	1,212,207	1,215,289	1,230,527	1,231,304	1,237,544	1,243,172
N.W.T. and Yukon	—	9,137	21,958	15,502	25,787	30,795	23,200	20,762	22,683	35,613	22,249
Total	17,560,934	18,294,389	19,307,513	19,050,972	19,722,599	19,998,612	19,701,606	19,635,759	19,753,273	19,893,967	19,934,614

DEPARTMENT OF NATIONAL HEALTH AND WELFARE FAMILY ALLOWANCES DIVISION

STATISTICS BASED ON MAY, 1946, FAMILY ALLOWANCES PAYMENTS

Province	Number of families	Number of children	Average allowance Per child	Average allowance Per family	Total amount
			$ cts.	$ cts.	$
Prince Edward Island	11,989	30,550	5 91	15 07	180,672
Nova Scotia	76,473	182,776	5 95	14 22	1,807,522
New Brunswick	59,259	157,874	5 86	15 62	925,856
Quebec	404,831	1,143,591	5 91	16 71	6,764,992
Ontario	458,775	943,127	6 02	12 38	5,681,433
Manitoba	88,361	187,244	6 10	12 93	1,142,923
Saskatchewan	106,821	247,914	6 02	13 97	1,492,853
Alberta	104,458	230,977	6 03	13 33	1,392,942
British Columbia	107,677	206,020	6 03	11 54	1·243,172
Northwest Territories and Yukon	1,589	3,690	6 03	14 00	22,249
	1,420,233	3,333,763	5 98	14 04	19,934,614

NOTE: Northwest Territories and Yukon adjustments amounting to $11,899 not included.

STATISTICS BASED ON FAMILY ALLOWANCES PAYMENTS

MAY, 1946

	P.E.I.	N.S.	N.B.	Que.	Out.	Man.	Sask.	Alta.	B.C.	N.W.T. and Yukon	Total
1. Number of families	11,989	76,473	59,259	404,831	458,775	88,361	106,821	104,458	107,677	1,589	1,420,233
2. Number of Cheques Issued	11,907	75,832	59,185	403,433	454,300	88,354	105,984	103,694	107,482	513	1,410,684
3. Number of Children	30,550	182,776	157,874	1,143,591	943,127	187,244	247,914	230,977	206,020	3,690	3,333,763
4. Average Children per Family	2·55	2·39	2·66	2·82	2·05	2·12	2·32	2·21	1·91	2·32	2·34
5. Transfers from other Provinces	35	89	36	231	566	219	290	405	424	10	2,305
6. Transfers to other Provinces	32	277	154	209	582	521	263	541	350	12	2,941
7. Other Address Changes	165	1,777	874	7,801	10,109	1,793	1,535	2,459	5,148	7	31,668
8. Changes to Higher Age Group	693	3,631	2,927	28,381	17,364	3,479	4,964	4,562	3,784	292	70,077
9. Percentage of Monthly Automatic Changes.	2·27	1·99	1·85	2·48	1·84	1·86	2·00	1·97	1·84	7·91	2·10

Tuesday, June 18, 1946

The house met at three o'clock.

VETERANS AFFAIRS

Eighth report of special committee on veterans affairs—Mr. Tucker.

WHEAT

NEGOTIATIONS FOR LONG-TERM CONTRACT WITH THE UNITED KINGDOM

On the orders of the day:

Mr. JOHN BRACKEN (Leader of the Opposition): I should like to direct a question to the Minister of Agriculture in the absence of the Minister of Trade and Commerce (Mr. MacKinnon), having to do with the reported discussions now going on between British and Canadian officials with respect to a long-term contract for wheat. Is the minister in a position to-day to make any statement in regard to that matter?

Hon. J. G. GARDINER (Minister of Agriculture): I am not in a position to make any statement to-day with regard to the matter, other than to say the negotiations are proceeding.

PRIVILEGE

MR. POULIOT—REFERENCE TO REPORTED "VOW OF SILENCE"

On the orders of the day:

Mr. JEAN-FRANÇOIS POULIOT (Temiscouata): Mr. Speaker, I rise on a matter of personal explanation. I have read in the press to-day that I am said to have taken a vow of parliamentary silence. It is not true. I never took such a vow, but I decided to try an experiment. I was told so often that my speeches were delaying the progress of the session that I wanted to make an experiment, so I stopped talking a month and a half ago, expecting that prorogation day would come at once. Unfortunately I see that very little progress has been made, and I wonder if it will be necessary for me to start making long speeches again to bring the session to an early close.

To complete what I said yesterday, that General Chisholm—

Some hon. MEMBERS: Order.

Mr. SPEAKER: Order.

COAL

OPERATION OF FISH CREEK MINE, ALBERTA

On the orders of the day:

Right Hon. C. D. HOWE (Minister of Reconstruction and Supply): On June 13 the hon. member for Lethbridge (Mr. Blackmore) asked for information about the quality of coal in the Fish Creek mine. The answer I have obtained is that the 1946 edition of "Coal Mines in Canada" shows that the Fish Creek mine, located in the Priddis area of Alberta, is classified as high volatile bituminous. For that reason the coal is not suitable for domestic use.

BUILDING MATERIALS

SHORTAGE IN SUPPLY OF WINDOW GLASS

On the orders of the day:

Mr. G. K. FRASER (Peterborough West): Mr. Speaker, I should like to ask a question of the Minister of Reconstruction and Supply. What is the situation in respect of the shortage of window glass, or, to be more specific, the lights used in windows of houses? One cannot buy this material in the cities, towns or villages, and as a result the building of many houses is being delayed.

Right Hon. C. D. HOWE (Minister of Reconstruction and Supply): For some months there has been a shortage of window glass. Prospects are that the shortage will be corrected, in view of the fact that increased shipments are now coming in. Canada does not manufacture that product, and for our supply we are entirely dependent upon imports. We are doing everything possible to improve the situation.

LABOUR CONDITIONS

STRIKE IN TEXTILE INDUSTRY—FEDERAL INTERVENTION

On the orders of the day:

Mr. MAXIME RAYMOND (Beauharnois-Laprairie): Mr. Speaker, I should like to ask a question of the Minister of Labour respecting the strike in the textile industry, which affects the employees of Montreal Cottons at Valleyfield. Does the minister intend to intervene in some way in order to bring about a satisfactory settlement for the workers?

Hon. HUMPHREY MITCHELL (Minister of Labour): All disputes affecting the textile industry in the province of Quebec come under the labour relations laws of that province. My department has not been asked by the Quebec government for assistance. If they should require assistance, we shall be only too glad to render it, as we always do.

STRIKE IN BRITISH COLUMBIA LUMBER INDUSTRY

On the orders of the day:

Hon. GROTE STIRLING (Yale): May I ask the Minister of Labour whether he has any statement to make respecting Mr. Justice Sloan's meeting yesterday with the union?

Hon. HUMPHREY MITCHELL (Minister of Labour): I believe I shall have something to say later in the afternoon.

PRIVILEGE

MR. LENNARD—PURCHASE OF PROPERTY IN WENTWORTH COUNTY

On the orders of the day:

Mr. F. E. LENNARD (Wentworth): Mr. Speaker, I rise to a question of privilege. In *Votes and Proceedings* No. 51, page 1, for June 3, a question appears in my name which was partly answered yesterday. The question referred to properties bought or sold by the government in the township of West Flamborough, Wentworth county, Ontario, during the past several years. Further to this question I asked what prices were paid for these properties by the government, and at what prices they were sold. This question was not fully answered, as these amounts were not given. I would ask that it be returned to the order paper until fully answered.

ATOMIC ENERGY

PUBLIC CONTROL AND SUPERVISION OF DEVELOPMENT, APPLICATION AND USE

Right Hon. C. D. HOWE (Minister of Reconstruction and Supply) moved the third reading of bill No. 165, relating to the development and control of atomic energy.

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

REDISTRIBUTION

AMENDMENT TO BRITISH NORTH AMERICA ACT AS TO RULES FOR READJUSTMENT OF REPRESENTATION

The house resumed from Thursday, June 13, consideration of the motion of Mr. St. Laurent for an address to His Majesty the King praying that a measure be laid before the parliament of the United Kingdom to effect an amendment to the British North America Act with respect to readjustment of the representation in the House of Commons, and the amendment thereto of Mr. Diefenbaker.

Mr. F. E. JAENICKE (Kindersley): Mr. Speaker, I rise to support the motion of the right hon. the Minister of Justice (Mr. St. Laurent) because I believe it corrects an injustice, and I believe further that it comes the nearest to representation by population, when one considers our peculiar historical, geographical and economic position in Canada.

I shall oppose the amendment offered by the official opposition, because I believe its adoption would create a precedent which would put this parliament into a position inferior to that of provincial legislatures. The provincial legislatures have the right and power under our constitution to change their representation. Why should not the federal parliament have the same right? I believe the adoption of the amendment would be contrary to the spirit of the British North America Act, our constitution.

I should like briefly to deal with the legal and constitutional aspects of the resolution and the amendment before us. Before proceeding to do that, however, may I commend the Minister of Justice upon the clear and lucid exposition he gave of the historical and constitutional background of the resolution. I am also forced to congratulate the hon. member for Lake Centre (Mr. Diefenbaker), who made a convincing address. He is one of those few persons with the gift of making an eloquent argument on a weak case. After listening to the hon. member for Stanstead (Mr. Hackett) I feel I must also include him in my commendation, because I was keenly interested in his argument and, at first blush, deeply impressed. However, I cannot now see the position of the official opposition on the resolution Their official position seems to be, as enunciated by the hon. member for Lake Centre, and as disclosed in the amendment, that they are in favour of the principle of the resolution but first want the provinces consulted.

While in the closing paragraph of his address the hon. member for Stanstead said he was going to support the amendment, still he told us we did not need any amendment at all; that all we needed to do was to change the interpretation of section 51(4) of the British North America Act, so as to have representation by population.

The hon. member for Royal (Mr. Brooks) took another view, that there should be some amendment to provide that the representation in any province could not be reduced below the number such province had at the time of joining confederation. So in the light of these observations, I am at a loss to know just what the official opposition wants.

Since the argument of the hon. member for Stanstead is fresh in our memories, I shall deal first with what he said. He told us that for the last seventy-nine years we have been in error in our interpretation of section 51 (4) of the British North America Act. I disagree with the hon. member on that point, and it is with great respect that I express my dis-

agreement. Section 51 says that we are supposed to have a census every ten years, and that after each census we shall have readjustments. We have had such readjustments after every census since confederation. The argument of the hon. member for Stanstead is that if a province does not lose any representation, or if its standing is not changed after such readjustment, then there has been no readjustment for such province. On close study of the act I must disagree with that interpretation.

Besides that, we have the judicial interpretation of section 51 (4) of the British North America Act. Both the Minister of Justice and the hon. member for Stanstead quoted the closing paragraph of that decision, and it is unnecessary for me to place it on *Hansard* again. This was a decision of the privy council as the result of an appeal following a dispute between the attorney general for Prince Edward Island and the attorney general for Canada. As indicated, the decision is found in 1905 Appeal Cases, 37.

The hon. member for Stanstead said, by way of a second argument—and it sounded plausible at the time—that the decision of the privy council with respect to subsection 4 of section 51 was only an *obiter dictum*. I disagree with him on that point; I think it is a decision of the highest court of the empire. I quote the hon. member, as reported on page 2425 of *Hansard,* as follows:

—so the statement of the bench is purely an *obiter dictum* which was never argued and is not a binding authority.

The hon. member then went on to quote the last paragraph of the judgment of the privy council, and then continued:

That is an *obiter dictum*. It has no bearing on the case then at issue. It was not argued.

Reading the case I would say that it certainly was argued before the privy council. The province of Prince Edward Island objected to a reduction in its membership, and according to the judgment of the privy council it advanced two reasons; first, that they should not be reduced below the number they were entitled to when they entered confederation, and second, that on the interpretation of subsection 4 of section 51 their representation could not be reduced. I should like to put on record the two preceding paragraphs of the judgment of the privy council, as follows:

The case put forward on behalf of Prince Edward Island was somewhat wider in its scope. It was suggested that section 51 applies only to the distribution of representatives between the four original provinces. But the terms on which Prince Edward Island was incorporated expressly declared that its representation was "to be readjusted from time to time under the provisions of the British North America Act, 1867."

[Mr. Jaenicke.]

The hon. member for Stanstead said that it was not argued, but this is what the learned law lords said:

It was further argued that, supposing section 51 to apply to Prince Edward Island, still it was not liable to have the number of its representatives reduced in 1903 for the following reasons: that by the terms of subsection 4 there could be no reduction on any decennial readjustment unless there was a previous readjustment to afford a comparison, so that for any province the first readjustment could not entail a reduction though it might permit of an increase, that there was no readjustment for any province unless its representation was altered, and that therefore, by the combined operation of section 51 and of the terms on which Prince Edward Island entered the confederation, its representation could not be reduced unless it had been previously increased.

I submit that the same argument was put forward by counsel for Prince Edward Island before the privy council as is put forward by my hon. friend. I should like to compare a sentence in that judgment with what my hon. friend said, and I quote from page 2423 of *Hansard*. The hon. member for Stanstead made this argument:

I submit that you must go back to the last time the members were reallocated to the province; not to the last census but to the time the twenty members were allocated—

Counsel argued that there could be "no readjustment for any province unless its representation was altered." I submit the argument in the one statement is almost the same as it is in the other. With great respect I submit that the decision of the privy council was not an *obiter dictum*. I submit that that is a decision which is binding upon us and it is as we have correctly interpreted subsection 4 of section 51 of the British North America Act for the last seventy years.

I think I shall concern myself only with the legal aspects of the amendment proposed by the official opposition. The hon. member for Lake Centre quoted in support of his argument a number of opinions of statesmen and others which had been offered during the course of years. He argued that the British North America Act should be amended only with the consent of the provinces, but he did not tell us whether he meant unanimous consent or majority consent; in fact he was very vague. If it were to be unanimous consent, I would venture to say it would be practically impossible to amend the British North America Act even if the amendment concerned only the business of this parliament. If the official opposition wanted to establish a precedent, one would have thought they would have put forward some concrete proposition to show just how many provinces should consent or how many should be in favour or against a proposal of this nature.

As I said, the hon. member for Lake Centre quoted a number of opinions offered in parliament and outside of parliament by statesmen, politicians and other legal authorities. I have done quite a bit of reading myself on this constitutional question, and I could quote some eminent statesmen, politicians and others who took the opposite view. However, I am not concerned so much with opinions as I am with the law. Opinions are of little value so far as the law is concerned. I would point out to my hon. friends to my right that the actions of Sir John A. Macdonald and of Sir Robert Borden under like circumstances would indicate that those two former prime ministers would have used the same methods for amending the British North America Act that the government are using at this particular time.

My hon. friend stated, and I quote from page 2229 of *Hansard*:

> I am not going to enter into a discussion today, interesting though it might be, of the question whether the British North America Act is a pact, a treaty, a statute or a contract.

It would have been illuminating if he had told us at that stage of his argument just what he thought it was. I would conclude from his remarks later on that he thought it was a pact, or a contract, or a treaty. Knowing him to be a very able lawyer I was surprised at his attitude. Looking at the British North America Act, looking at all the amendments since 1867 and how those amendments came about, I would say that our constitution is a statute and nothing else. As such, it is amendable only by the British parliament through an address presented by the parliament of Canada.

The hon. member for Lake Centre laid particular stress upon the importance of precedents. Lawyers appreciate the value of precedents which become part of our law, and it is upon the precedents of the previous amendments to the British North America Act that I am basing my argument. As reported on page 2234 of *Hansard* the hon. member for Lake Centre called the resolution a novel scheme. With great respect I submit that there is nothing novel about it. We have established precedents which give us the undoubted right to pass this resolution without any reference to the provinces. I endorse the statement of the hon. member for Charlevoix-Saguenay (Mr. Dorion) who said:

> It is an indisputable fact that our constitution is founded not only upon the British North America Act, but also upon precedents which have become, so to speak, a part of the constitution.

The hon. member then gave a short resume of the amendments since 1867. I would have refrained from referring again to those amendments if he had given the house a little more information as to just how they came about and why they offered such excellent precedents for the resolution now before us. I will turn first to the amendment of 1871. At that time we asked the British parliament to amend the British North America Act in order to dissipate any doubts which had arisen as to the powers of the Canadian parliament to establish provinces in territory added or to be added to the dominion. They proceeded rather peculiarly in connection with that first amendment. The government, not parliament, requested the British government to submit a bill to the British parliament for the passing of the amendment. The British parliament accordingly drafted a bill and sent it back to Canada, and for some reason or other which I have not been able to find in the records, this bill found its way into parliament, where a resolution was passed and carried unanimously in these words:

> The executive government ought not to ask for amendments to the British North America Act without the assent previously obtained of the parliament.

At the time, one Mr. Mills, a member of parliament, made a further suggestion. I cannot find from the record whether he offered a separate resolution or an amendment to the resolution I have just quoted, but he said that when it came down to the representation in parliament of the provinces, the provinces ought first to be consulted. This resolution or amendment or suggestion was negatived without ever being debated, and the resolution which I have just read, that "the executive government ought not to ask for amendments to the British North America Act without the assent previously obtained of the parliament", was passed unanimously, 137 to 0, or something like that. That was the first precedent, and I think the most important precedent. I would ask the house to consider this. This was an amendment passed in 1871. At that time the Quebec conference, the Charlottetown conference, the London conference, and the British North America Act itself were fresh in the memory of the Canadian people. As a matter of fact most of our statesmen of the time whom we are pleased to call the fathers of confederation were members of parliament, sitting either in the House of Commons or in the Senate, and yet none of them except Mr. Mills rose at that time to argue that the provinces ought to be consulted on an amendment to the British North America Act. I think that that precedent established in 1871 was a most im-

portant and distinguished one, and I suggest to you, Mr. Speaker, that that precedent has been followed ever since under similar circumstances.

Then we have the amendment of 1875, and it is curious to note that although parliament in 1871 had passed a resolution that "the executive government ought not to ask for amendments to the British North America Act without the assent previously obtained of the parliament," the 1875 amendment seems to have been passed simply upon the request of the then dominion government, although that was the first and only time this was done. That amendment concerned the privileges, powers and immunities of parliament. The provinces were not consulted.

Then we have the amendment of 1886, the third amendment to our constitution. Its object was to empower parliament to provide representation of the territories in the Senate and House of Commons. The procedure adopted was that the act was passed by the British parliament in accordance with the terms of an address of the Senate and House of Commons. The provinces were not consulted, and according to the authority of Doctor Ollivier, whose book "Problems of Canadian Sovereignty" has been quoted on different occasions in this debate, the provinces did not ask to be consulted about this amendment to the British North America Act.

In 1907 the British North America Act was further amended. The house adopted a joint resolution asking the British parliament to pass an amendment to permit the increase and regulation of federal subsidies to the provinces. It seems that this amendment was discussed by the provinces, but we have nothing on record as to any consultation by the government with the provinces. In any event we know that British Columbia objected to it. But just the same the resolution was passed and an amendment was made by the British parliament to the British North America Act as requested by this parliament. In reality there was no form of consent or consultation with the provinces.

Now I come to the most important amendment of 1915, which was mentioned at length by my hon. leader when he first spoke on behalf of this group in this debate. This was a very important amendment, as was pointed out by him and by the hon. member for Stanstead. It not only fixed the representation of the senate, but led to the enactment of section 51(A) of the British North America Act by virtue of which the membership of this house is affected, because that is the section which puts a floor underneath the representation of the provinces in this parliament. The hon. member for Stanstead in his address said that there was a consultation with the provinces in connection with this amendment. I have been looking that up, and the only authority I can find is the book of Doctor Ollivier, which I mentioned before. Doctor Ollivier states emphatically, at page 367 of his book, that there was no consultation with the provinces with respect to the 1915 amendment.

Then we have the amendment of 1916, which extended the life of parliament by one year. Parliament had been elected in 1911, and shortly afterwards we found ourselves at war and the British North America Act was amended in 1916 to extend the life of parliament for one year. There was no consultation with the provinces at that time.

In 1930 an amendment to the British North America Act was passed to give back the natural resources to the western provinces. Of course the western provinces were consulted about that. As a matter of fact they had pressed for this amendment so that they could control their own natural resources. But there was no consultation with any of the other provinces, so far as I have been able to find out.

Another amendment was made to the act in 1940, for the purpose of including the subject of unemployment insurance among the classes of subjects enumerated in section 91 of the British North America Act. In other words this amendment took away the power of the provinces to legislate on unemployment insurance and transferred that power to the dominion. This amendment clearly invaded provincial rights, and in this case I understand that the dominion first consulted with the provinces and they all consented to this amendment. It is very easy to see, of course, why they did consent. But I think it established a precedent, and, speaking for myself, I agree with the principle of this precedent, namely, that if there is to be any interference with the powers of the provinces under section 92 of the act, they ought to be consulted. But I make the statement with a certain amount of reservation, because in the course of time a certain matter assigned by section 92 to the provinces might easily become of such national importance that it would be imperative for this parliament to legislate upon it.

The next amendment was that of 1943, which extended the time for redistribution. It does not appear that the provinces were consulted, the precedent having been the same as had been established on like occasions previously. I know that a protest was made by the legislature of the province of Quebec against the adoption of this amendment, but apparently it was ignored for good and sufficient reason.

So far as the law is concerned I maintain, Mr. Speaker, both as to the act itself and as to the precedents which have been set, that there is no doubt that this resolution can be passed by this parliament without any reference to or consultation with the provinces.

Much has been made by opponents of the resolution that the British North America Act may be a pact, a treaty, or a contract. While these opinions have been expressed ever since the act was passed, the final opinion always seems to have been that such assumption is founded upon a false basis. In order to make a contract or a pact or a treaty, the parties thereto must have the capacity to contract, and I doubt very much whether the four provinces—or three provinces, if you will—in 1867 had the capacity to contract. They were colonies, and as such, I submit, Mr. Speaker, they lacked the capacity to enter into a valid contract. The last resolution of the Quebec conference has this to say:

> That an humble address be presented to Her Majesty praying that she may be graciously pleased to cause a measure to be submitted to the imperial parliament for the purpose of uniting the colonies of Canada, Nova Scotia, New Brunswick, Newfoundland and Prince Edward Island in one government.

The resolution itself proves to me that they were colonies at the time and that therefore they had no capacity to contract.

If the British North America Act were a contract or a pact as my hon. friends to my right contend, I should think that the parties thereto would have provided for some amendment or for the preservation of their rights in the pact itself, and that there would have been a provision in the British North America Act to provide for the amendment and to provide for consultation with or consent by the provinces. If it was in the minds of the framers of our constitution that it was a contract, surely some provision would have been made for the consent of the contracting parties to alter the contract; and that by the way, I believe, is the expressed opinion of the late Professor Stephen Leacock, who at one time wrote or talked about this subject matter.

Furthermore, if our constitution were such a contract at the time of confederation, 1867, the provinces would have objected long before this. I know there have been objections, objections which I mentioned when I discussed different amendments to the act, and I know there was a conference some time in the eighties, when Sir John A. Macdonald was still prime minister. This conference was called by one or two of the provinces, and concerned itself solely, or at least principally, with amendments to the British North America Act. I understand that two of the provinces refused to attend. The dominion government was invited, but Sir John A. Macdonald declined the invitation and wrote in reply what I regard as a fairly sarcastic letter indicating that the dominion was not in the slightest degree interested in this conference.

Apart from this, Mr. Speaker, I think we must consider the effect of the statute of Westminster. According to that statute the British parliament would have no right to pass any laws affecting this country, including any amendment of the British North America Act, unless it was first requested by this parliament. The statute of Westminster does not say anything about the provinces; and on the authority of that statute, also, I maintain that an amendment to the British North America Act can be enacted only by the British parliament on an address from the parliament of Canada.

The hon. member for Royal, whom I mentioned a few moments ago, and who claimed that the representation of the provinces should never be lower than the representation they had at the time of confederation, was very much concerned about the maritime provinces. He said something which I am sorry he said. He remarked that he was not afraid of the province of Quebec, they had got along well for years. He was speaking at the time for all the maritimes. He said he was not afraid of the province of Ontario; but he said that with the western provinces it is a different proposition. He did not say that he was afraid of them, but I think by implication he meant as much. He also mentioned that a great many maritimers had gone to the west and had made their contribution to the colonization and upbuilding of the west. I think he was right in that. Speaking for the province of Saskatchewan, I think we are grateful for the migration we have received from the maritime provinces, not only with regard to agriculture and business but, especially in my province, for the contribution they have made to our law and our education; and I can assure the hon. member for Royal that the foundations so well laid by those migrants from the maritimes and Ontario have made true and good Canadians of all of us. He mentioned also that the C.C.F. have in their platform either the abolition or the reform of the senate and suggested that if this was carried out the maritimes would lose their representation. Undoubtedly the policy of the group is as he stated, but that does not mean that we are opposed to a floor underneath the representation of any of the provinces, and I do not see why the representation in the senate should form a floor for the repre-

sentation of the provinces in this House of Commons. We can easily make an amendment to put a proper floor under the representation of each province in this parliament.

Before I conclude there is one appeal I should like to make to the Minister of Justice. It concerns a matter which has been mentioned in this debate by my leader, the hon. member for Rosetown-Biggar (Mr. Coldwell) and also by the hon. member for North Battleford (Mr. Townley-Smith). It concerns the representation of the northwest territories in this parliament. I do not think I need to make any further argument. The hon. member for North Battleford especially confined his remarks solely to this aspect of the debate, and I think he made out a case. The Yukon territory has a population of four thousand; the northwest territories, in round figures, more than twelve thousand. I think their conditions are entirely different. The northwest territories are vaster, and I think the minister should consider amending his resolution by adding one more member to the number he proposes in his resolution so as to provide for a member for the northwest territories.

Mr. J. W. MacNAUGHT (Prince): Mr. Speaker, at the commencement of this debate I had not intended to take any part in it, because I am reasonably sure that the people of my province are perfectly satisfied with the terms of the resolution; but certain statements have been made which render it desirable that I should put upon the record a brief history of the causes leading up to the senate rule amendment. That amendment is contained in paragraph 3 of the present resolution.

Also requiring some comment is an editorial appearing in the May 18 issue of Toronto *Saturday Night*, under the caption "Equality in the Commons". The parts of it to which I take exception are the following:

> The drawing of a sharp line of demarcation between the specially protected areas (Prince Edward Island and Yukon) which can never have their representation reduced, and the rest of the country where rep. by pop. is the unvarying rule, should act to put an end to the business of establishing such favourite areas. The case of Yukon is special because of its isolation, but there was never any justification for the four-member privilege for Prince Edward Island, and it would be most unfortunate if the habit of granting such privileges became general whenever political expediency should suggest.

And further down:

> Adjustments during the next few decades will, it seems likely, be to the advantage of the western half of the country and perhaps at the expense mainly of the two maritime provinces which are not protected by special privilege. The special privilege of Prince Edward Island will become more outrageous with each succeeding decade, if there is any substantial influx of population into the rest of Canada, as from henceforth it will be the size of the electoral unit that will increase and not the size of the House of Commons.

I have always had the highest regard for editorials appearing in that publication. I have usually found them fair, well-written and accurate. I am therefore forced to the conclusion that the editor is unaware of the history leading up to the adoption of the senate rule amendment. All hon. members are aware, I am sure, that the first meeting leading up to confederation was held in Charlottetown in 1864. Any hon. member who has visited the colonial building in Charlottetown must have been shown through the confederation chamber and have looked upon the very tables and the very chairs occupied by the fathers of confederation at that time. That conference was originally called for the purpose of discussing maritime union, but to the conference came delegates from Canada to discuss a broader union. The records of that conferenec can be found in Sir Joseph Pope's "Confederation Documents". The principle of the broader union was accepted, and the conference adjourned to meet in Quebec. On looking up the records I find that the delegates from Prince Edward Island were willing to discuss any question with regard to confederation except the question of representation. They pointed out that, unless they got six representatives, so far as they were concerned, confederation would not be considered.

The delegates from the other colonies did not see their way clear to granting this privilege, and so when confederation was consummated some three years later Prince Edward Island did not enter. The records of that conference showed that Mr. Brown moved that Upper Canada should have 82 members, Lower Canada 65, Nova Scotia, 19, New Brunswick, 15, Newfoundland 7, and Prince Edward Island, 5. That motion carried, but Prince Edward Island voted nay. Mr. Haviland, one of the delegates from Prince Edward Island, who was strongly in favour of confederation, said:

> Prince Edward Island would rather be out of the confederation than consent to this motion.

Further, the suggestion was then made that the delegates from Prince Edward Island should withdraw to reconsider their decision. They accordingly withdrew from the meeting and returned the next morning to give their answer. Colonel Grey, speaking for the others, said:

> I am instructed by my co-delegates to say that the provision of five members is entirely unsatisfactory.

When the delegates returned to Prince Edward Island they were upheld by the legislature, by the people and by the press. The people of Prince Edward Island were willing to discuss any other feature of confederation, but on the question of representation there was no compromise. Negotiations were continued by the parliament of Canada, but the delegation from Prince Edward Island were determined to obtain, and they finally did obtain, six members, although their population at that time entitled them to only five.

I think it must be clear to all hon. members of this house that the point that kept Prince Edward Island out of confederation for six years was the determination to secure six representatives. I am sure that the delegates of the day felt that the representation of six was to be a representation in perpetuity. No other conclusion is logical; no other conclusion is consistent with the long delays. Unfortunately, through some oversight or mistake, call it what you will, this safeguard was not written into the letter of the act, and in 1893 the representation of Prince Edward Island was reduced. From that time the legislature and the government of Prince Edward Island, as well as the representatives of Prince Edward Island in this House of Commons, have kept up a continuous agitation to have the representation of the province fixed at six. This continuous agitation was the cause of the senate rule amendment in 1915.

In this connection I should like to quote from Sir Wilfrid Laurier as reported in the debates of the House of Commons for the session of 1915, volume 1, page 330:

> . . . henceforth no province shall have less representation in the House of Commons than it has in the Senate. That was a departure from the principle but it was after all what seemed to me to be a fair compromise. The larger western provinces—Quebec, Ontario and the young giants of the west—are too strong to have reason to begrudge the slight increase in representation which this would give to the eastern provinces. We accepted that compromise—for my part, I was glad to support the committee in that respect—and it seems to me that our friends in the maritime provinces ought to be satisfied that in so doing we endeavoured to dispose of this irritating question in a fair and just manner.

It is therefore apparent that this senate rule amendment was not a mistake but was a sincere desire of the parliament of Canada to dispose of an irritating question in a fair and just manner.

I wish now to refer to a statement made by the late J. S. Woodsworth, as reported in the debates of the House of Commons, session of 1932-33, volume 2, at page 1592:

> If a mistake was made in giving a fixed number of representatives to Prince Edward Island, there is no reason why we should follow a bad precedent. The way to get away from that is to amend the British North America Act so that Prince Edward Island would have only its due number and not a number out of proportion to the rest of the country.

I am very glad that the hon. member for Rosetown-Biggar (Mr. Coldwell) does not share these views. I think that is a fair deduction from his remarks as reported at page 2237 of *Hansard*. This is what he said:

> I will take it for granted that Mr. Woodsworth said that. But what I will add is that Mr. Woodsworth may have said that, and in logic he was sound, but in the matter of representation in parliament regional representation may be as important as population representation.

In connection with the statement made by the late Mr. Woodsworth I wish to quote the answer given by the Hon. James Layton Ralston, at that time. It will be found in the debates of the House of Commons, session 1932-33, volume 2, page 1593:

> The hon. member for Winnipeg North Centre (Mr. Woodsworth) has been rather strong in his intimation that we must stick to the letter of the pact and that the calculations must be made directly in accordance with the terms of the British North America Act.
>
> Let me remind him—and I do not do it in any spirit of criticism—that when Manitoba entered the confederation she had a representation amounting to less than the required unit for one member. Yet Manitoba was given a representation of four members. In 1881, I believe it was, a readjustment was made as had been provided in the act admitting Manitoba. At that time it was found that, under the strict arithmetical basis to which the hon. member has referred, Manitoba was entitled to only three members. The fact is, however, that when readjustment took place she was given five.
>
> Let me remind the house further that when British Columbia entered confederation the strict principle was not applied. I need not be tender in my remarks because hon. members must realize that I am making these statements to the house simply to show that the arithmetical basis has not been the only principle upon which we have acted when fixing representations. When British Columbia entered confederation it had a total population of about 40,000 and was given representation of six members, and an irreducible minimum of six. Ten years after British Columbia entered she had only two units of representation, that is to say, her population entitled her to only two members. Ten years later, in 1891, she had a population which entitled her to only four members, if the unit of representation applicable to the maritime and other provinces which came into confederation originally had been applied. Prince Edward Island had only five units of representation when she entered confederation, but was given six members. At the present time the representation of Prince Edward Island is four, the irreducible minimum.

It is abundantly clear, therefore, I submit that representation by population has not

always been the rule; but that regional representation or adequate representation has been the goal always strived for.

Mr. L. E. BAKER (Shelburne-Yarmouth-Clare): Mr. Speaker, I wish to say a few words on this redistribution measure as it affects Nova Scotia. I am a bluenose from away back, in spite of the somewhat reddish hue of my countenance. Being a bluenose I am also a maritimer, and being a maritimer I consider that I am a very good Canadian. I have listened with great interest to the able addresses which have been delivered on this most important matter by the Minister of Justice (Mr. St. Laurent), by the Minister of Agriculture (Mr. Gardiner), by the hon. member for Royal (Mr. Brooks), by the hon. member for Cumberland (Mr. Black), by my hon. friend from Prince (Mr. MacNaught) and the masterly address delivered this afternoon by the hon. member for Kindersley (Mr. Jaenicke), who saved me a great many words because he thinks very much as I do.

I agree with a great deal of what was said by the hon. member for Royal and the hon. member for Cumberland, up to a certain point; that is, that the maritimes were discriminated against in years gone by, and possibly to a certain extent up to the present time. But I have noticed a great betterment in recent years, and I think if we deal with each item as it comes up, as far as it affects the maritime provinces, and take care of that item, we shall fare far better than if we just keep talking about maritime rights and blue ruin. I have great faith in the maritimes; I think we have a future ahead of us. We have young men of courage there. They say it takes three generations to go from shirt sleeves to shirt sleeves. Many of the wealthy families of the maritimes made their money in shipping; then for a while there was a lag. Now the third and fourth generations are coming along and they have had to get right down to work. I really think they intend to stay within their provinces and make those provinces prosperous.

Last year I was pleased when I learned that the dominion-provincial conference was to be held, and I was much disappointed in its results. It was obvious to me that the dominion was trying to help the maritimes and those less fortunate financially in Canada at that time, and I hope this conference may resume in the near future. I am not digressing, Mr. Speaker; I am merely stating that the maritimes and maritime rights are being recognized now and that they will be recognized in the future if we go about the thing in the right way.

[Mr. MacNaught.]

As far as this resolution is concerned, I cannot see that we are hurting the maritimes at all. As a matter of fact it will add one seat to my province of Nova Scotia; that is, we will gain one seat of the ten. Figure that out. I would be very foolish if I did not support this redistribution resolution, even if I were to take it from a purely provincial standpoint. But I do not believe we should think just provincially; we should think as a country. In this house we must recognize certain things. One of them is that the provinces must deal with provincial matters and the federal parliament must deal with federal matters. We talk so much about passing the buck, and so on, but here is a case where we are endeavouring not to pass the buck. Obviously redistribution, since it affects the federal parliament, should be a matter to be dealt with by the federal parliament. I cannot see it in any other way. I may be asked, Well how about the original contract or pact or treaty or whatever you may call it, that was made at the time the four provinces entered into confederation in 1867? All right. Those four provinces were signatories to the contract, if you want to call it that; but how about the other five provinces and the Yukon? Are they not to be considered? If originally it was a contract, you might say that to a certain extent it is now null and void, inasmuch as others have been taken in since it was originally consummated. I think we must recognize that from time to time we must have changes. I can see nothing unconstitutional in the dominion parliament taking this up with the imperial parliament and having the British North America Act amended. It has been pointed out quite clearly that this has been done previously, so we are not establishing any precedent. I remember a few lines from when I went to school; I hope I have them right:

> The old order changeth, yielding place to new,
> And God fulfils himself in many ways . . .

In a young country like Canada, Mr. Speaker, we have to recognize the truth of such statements. I say let the dominion parliament look after its business and let the provincial parliaments look after their business, and have a clear delineation between the duties of the two. In other words let us render unto Caesar that which is Caesar's.

As far as the maritimes are concerned I feel that minority rights are protected. I would object to this resolution if I felt that the maritimes were being unfairly discriminated against. Surely we must have representation by population, provided that minority rights are recognized. While I agree with most of

what was said by the hon. member for Kindersley, I do not think the other place should be abolished. I believe it is most important that we have the other place. If it is desired to establish a retiring age limit there, or something of the sort, that would be a different matter, but it serves a very useful purpose—increasingly so, as I think has been obvious during the last two sessions.

I am not going to deal with this matter at length, but I did want the people of my constituency to know how I felt about it. I am sure they feel the same way. They realize that if this resolution goes through and the amendment is passed by the imperial parliament, Nova Scotia will gain one seat and the membership of this house will be increased, and certainly we need that increased membership. I do not know about other hon. members, but it takes me some weeks to get around my constituency. To do it properly I have to cover a part of it by boat, and it takes a long time to get around. I feel that I am here as a representative of my people, and that I should go and see those people. I did my best last year, but I was not able to get around; and this year it looks as though I will not be getting home until September. However, if things are speeded up I may be able to get around this year, with some luck. I do not believe we should cut down our membership at all, if the poeple are to be properly represented. It is of no use to compare our membership with that of the parliament of the United Kingdom. The areas which have to be covered are small. This is a vast territory, and we should not reduce our membership; if anything we should increase it.

I have been watching the press from the maritime provinces, but in the editorials I have read I have not seen evidence of any great objection to the principle of the redistribution bill. They say chiefly that there should be some alteration in the process of voting, some having a preference for the alternative vote. But they have not objected on constitutional grounds, so far as this resolution is concerned. Therefore I do not believe they are opposed to it; on the contrary they recognize it is a proper procedure.

In the light of what I have said, and what has been said by the Minister of Agriculture and other hon. members who have spoken with reference to the maritime provinces, I hope all hon. members from that part of Canada will back the resolution. It is not only in their interests but in the interests of Canada as a whole that they do so.

Mr. W. CHESTER S. McLURE (Queens): Mr. Speaker, in rising to take part in the debate after so many lawyers have expressed their opinions and read their speeches respecting the law in the matter, an ordinary layman must speak with extreme care. Let me say at once that I am not a lawyer or the son of a lawyer, lest, before I conclude what I have to say, some hon. members may say about me what I have heard said about some lawyers—"God forbid that that fellow should defend me in a serious case".

I take part in the debate, fully conscious of the fact, as indeed have been most hon. members, that this is one of the most important debates we shall have this session. On most occasions we deal with matters of local concern, while on this we deal with one which dates back to the birth of our nation. It is a matter of vital importance to national unity and to the future of our dominion. It is important therefore that we understand clearly what it means, and that we should not allow politics to warp our judgment. It is my intention to deal with the matter briefly, from the Canadian point of view; but, like most other hon. members, I shall deal particularly with my province.

Time does not permit my discussing the speeches of hon. members who have preceded me, but I feel I must refer briefly to the remarks of one able debater who spoke a few nights ago. I refer to the Minister of Agriculture (Mr. Gardiner), who in his observations made specific reference to the maritime provinces. I am sorry the minister is not in his seat, because he told a story of having travelled around the maritime provinces, and that all he found being manufactured was coffins. I do not know whether he told it as a joke or as a slur against the maritimes. However, I shall accept it as a joke and in reply tell a story about his province. It is told—no doubt the Minister of Agriculture has heard it—that there were two Scotsmen, Donald and Sandy, who met on a street in Chicago. Donald said to Sandy, "Guid morning, Sandy; why are you so depressed and sad looking?" "Ah weel," replied Sandy, "I've had great sorrow. My brother died in Lemberg"—or Limburger, or Limbo, or whatever it was—"Saskatchewan." The other Scotsman said, "That's nae worry tae what I have. My brother is still living there."

I am not going to attempt to depreciate any province of this great dominion; but if I have any bouquets to throw, I shall throw them to my own province. Introducing the resolution on May 28 the Minister of Justice (Mr. St.

Laurent) made several references to Prince Edward Island. As a representative from that province, the cradle of confederation in Canada, I believe I am right when I say that our people in general are most apprehensive of any move whatsoever which would affect their representation in the parliament of Canada. In regard to our present representation, or even our present representatives, be they good or otherwise, the people from Prince Edward Island will say to the government, to parliament and to the Minister of Justice who introduced the resolution. *Ne touchez pas.*

Just because we are the smallest of the provinces in geographical area and in population, why should we be discredited, discriminated against and neglected? Since 1867 we have gained little from the confederation agreement that the four provinces of Ontario, Quebec, New Brunswick and Nova Scotia made. Indeed, since we have not prospered in proportion to the larger and newer provinces in Canada, it is fair to say that we have lost much through joining this union. However we were coaxed into it. I am free to say that had the different governments of Canada since 1873 implemented the terms under which we entered the union, we would have to-day a population of more than 300,000 rather than a population which has declined since the time we entered confederation.

Why do I say we would have a population of 300,000? I say it because we have the best possible agricultural conditions of any province in Canada. Ours is the one province which has tried to hold its own without even the semblance of a square deal from the dominion. Admitting that my province is a small one, let me say that my constituents, and those of the whole province, did a splendid job during the war years through which we have just passed. We led the entire dominion in voluntary enlistments in the different armed forces, and supplied a type of soldier that had few equals, much less any superiors. Our farmers made a real contribution in the production of foodstuffs, working under great difficulties, and our fishermen likewise did their share in the work of producing food. We did not share, as did the other provinces, in the wealth brought to the working men because of war industry. We had no war-time houses, and we had no loans under the National Housing Act. Our average income was lower than that in other sections of the country.

A moment ago I said that our farmers produced foodstuffs for war; but what did our farmers and our labourers receive from this government? They did not receive even a thank you. On April 13 last they were handed a plaster of a twelve and a half per cent raise in the price of farm machinery and they need to buy a good deal at this time. Furthermore, although the government said that they were going to increase the price of farm machinery they would not permit the farmers to raise the prices of their farm products and voted down a resolution to take the controls off those prices.

We in our province see in this redistribution bill a threat to our representation in parliament. The minister has given the assurance that at no time will the members in the Commons from Prince Edward Island be less than the number of senators from that province. Be that as it may be, the fact is that the minister cannot bind future governments or future parliaments any more than I can if this resolution goes through as it is. When the Minister of Justice was introducing this resolution, in the able speech he is so capable of making as one learned in the law he made this statement, as reported on page 1932 of *Hansard* of May 28:

> The government has come to the conclusion to recommend to parliament the adoption of a petition to His Majesty to cause a bill to be laid before the parliament of the United Kingdom to provide for the repeal of section 51 of the British North America Act as it now stands . . .

The minister said, "The government has come to the conclusion." The cabinet, without the Prime Minister, must have arrived at that conclusion. Is it any wonder that a SOS call went out for the speedy return of the Prime Minister? During the war, one amendment—possibly two—was made to the British North America Act. That amendment was put through so swiftly that it opened the eyes of many people. They realized how precarious were the guarantees that the act provided, and it suggested also to the people the need for further consideration of this act, not as something that was rigid or unalterable but as something the alteration of which should require a greater measure of consultation with the provinces whose whole position depends upon the British North America Act.

It is true that there has been a prolonged and involved legal controversy as to just what constitutes Canadian federation. One group of lawyers hold the opinion that at confederation the original provinces of Ontario, Quebec, New Brunswick and Nova Scotia actually surrendered their independence in order to create a body greater than themselves. Another group of lawyers contend that the essential basis of the confederation agreement was an intimate alliance rather than a submergence of local autonomies. I am not going to enter into the details of that legal controversy, except to say that for practical political pur-

poses it does seem to me that the provinces cannot be expected to regard themselves simply as creatures of the federal authority, to be made or unmade as the federal authority may decide.

If the claim of the dominion government that it can alter the British North America Act at its own discretion without consultation with the provinces is allowed, then there is established a very dangerous precedent. The present government or some subsequent government may increase its powers and decrease those of the provinces just as it wishes by a majority vote of the house. During the debate on this claim of the government most of the great political leaders from the Right Hon. Sir John A. Macdonald down to the present day were quoted. It was shown that most of them were in favour of consultation with the provinces.

If this power of no consultation be given to the federal government, the provinces of Prince Edward Island and Quebec have the most to fear. In the case of Prince Edward Island we could have our representation reduced to one, or probably to nothing; we could be kicked out altogether and the terms of our agreement of 1875 entirely obliterated. The province of Quebec with its essentially distinct religious and racial character, must regard the integrity of the British North America Act as the only ground and protection of its position.

If the claim of the government that it may alter the British North America Act at its own discretion without consultation with the provinces is carried into practice, it will undermine the confidence and unity of the whole dominion. Putting it in the words of the hon. member for Lake Centre (Mr. Diefenbaker), who so ably debated this resolution, it might open the door to a denial of the rights of minorities by the action of a majority in parliament.

To my mind the point is not whether any proposed amendment is drastic or slight, desirable or undesirable; the point is that the procedure in every case of change should be such as to prevent any federal government from so acting as to impair the position and rights which the provinces possess. The only connection with the British North America Act, 1867, is found in section 2 of the interprovincial agreement of 1866:

> Provision being made for the admission into the confederation, on equitable terms, of Newfoundland, Prince Edward Island, the Northwest Territory and British Columbia.

Again, section 146 of the British North America Act grants the federal parliament the power to make an agreement with respect to the admission of Prince Edward Island. In other words, it grants the federal parliament the power to carry out that portion of section 2 of the interprovincial agreement of 1866, but does not give it power or authority to violate that agreement. Well-known legal authorities who have studied the agreement have stated that the government of Prince Edward Island, by constitutional force or court action, can compel the carrying out of the dominion-provincial agreement in letter and spirit. If this could be done and were done, it would remedy many of the disadvantages and discriminations under which our province has endeavoured to exist, and which have so greatly retarded its progress.

The greatest objection to this resolution is the arbitrary and undemocratic course that parliament is taking of entirely ignoring the provincial governments. It is for this reason that Premier Duplessis of Quebec is protesting to the federal government even to-day. It is important to note that the point of Premier Duplessis' protest is not the redistribution of seats itself, by which Quebec is certain to gain the most. It is a protest against the right of the federal authority to alter the British North America Act when and how it sees fit, without consultation with the provinces, whose position may be greatly changed by the amendments in question. The fact that in this particular case Quebec would be the gainer by the amendment is of less importance than the possibility that on another occasion it might find its position seriously impaired.

The Minister of Justice claims he has the consent of the provinces through their federal representatives. Here is one, Mr. Speaker, whose consent he has not. Whether it amounts to anything or not in a house of this size, I will make a minority of one at least. In his reference to provincial consent the Minister of Justice stated on May 28 last, at page 1936 of *Hansard*:

> The provinces, that is to say the people of the provinces, are all represented in this parliament, and for the purposes of such matters as are confided to the jurisdiction of this parliament, it is by those representatives here that the people of the provinces speak.

While the Minister of Justice is supposed to be the highest legal government authority in parliament, I would take the liberty, even as a layman, of disagreeing with that statement. It seems absurd to claim that the agreement arranged between the parliament of Canada and the legislature of Prince Edward Island can be changed in any manner that the majority of the commons and senate may decide upon, at any time, and without consultation with the government of Prince

Edward Island. In 1873 we entered into the agreement with the federal parliament, and we thought that it could not be changed at will by a vote of either or both houses at Ottawa. For instance, at the present time the feeling is that there should be reduced representation in certain of the provinces. On the other hand there is the feeling that there should be increased representation. A very good argument was brought forward to-day by the hon. member for Prince (Mr. MacNaught) with reference to our entering into confederation in 1873 with six members. We did not go into the agreement in 1867 because they would not grant us six members; we came in under a separate agreement in 1873 granting Prince Edward Island six representatives in the House of Commons and four in the Senate, and three supreme court judges. None of these things, according to our agreement, can be taken away from us. They can be added to, but they cannot be taken away from. Let any attempt be made to change that provision for three supreme court judges or to reduce our representation in the senate. The same kind of agreement was made with regard to our representation in this house. But we lost out. Whether it was our own fault or not I do not know. Around the corridors Dame Rumour might turn the argument of the Minister of Justice to read: No province shall have a smaller number of members of the House of Commons than it has senators, and the western members then might make a drive to increase their numbers of senators in the west. That may or may not come.

The ground we take in objecting to this resolution is simply that the provinces are being ignored in not being given the right of consultation with the federal government. If a move of this kind is made easy by adopting this resolution, it might be followed by a move to upset the balance in the senate, which would be a very dangerous thing. It would really be a deliberate assault on the very ramparts of confederation. We remember well that while Prince Edward Island entered confederation with six members, that number was whittled down to five in 1891, cut to four in 1901, and was about to be reduced to three after the redistribution bill which followed the 1911 census. But in 1915 our province was consulted with regard to this, and we had our representation restored in that year from three to four members. But we should not have had it cut down from six. However, there will be an opportunity later on for us to urge that matter in this parliament, to bring in a new amendment to go back to the terms of the agreement of 1873 and give us the fulfilment of the agreement in every respect and the representation of six under which we entered confederation.

I cannot see that this measure gives us any sense of security. We of the island have too often witnessed our arguments rejected, our claims dismissed, and our views snowed under by the sheer weight of overwhelming majorities.

It is my feeling that this resolution offers little protection to us. I am apprehensive of a move which might reduce Prince Edward Island's representation in the other place; this would be followed by a reduction of membership in this chamber.

The amendment seems to me to offer a substantial measure of protection to minorities. Consultation with the provinces in an established practice in our Canadian democracy. I feel that by consultation with the provinces protection can be given against the power of numbers. In measures of this kind that is the course which the government should take, and not assume to itself arbitrarily the right to dictate to the provinces.

In closing, let me say that it is not solely the matter of representation which concerns Prince Edward Island. If the claim made by the Minister of Justice and embodied in this resolution is established by the defeating of the amendment and the passage of the resolution, Prince Edward Island's agreement of 1873, by which she entered the dominion, is not worth the paper it is written on.

Mr. W. A. TUCKER (Rosthern): I wish to deal briefly with four or five points in regard to this proposal and the amendment thereto.

The first point, which I should like to see cleared up definitely, is the effect of the passing of this resolution as regards the future. We are asking the British parliament to enact, as section 51, subsection 1, "The number of members of the House of Commons shall be two hundred and fifty-five," and so on. I take it that, since we are not proposing to repeal section 52, we are not binding ourselves for all time to a membership in this house of 255, and that section 52 will still be in force, that—

> The number of members of the House of Commons may be from time to time increased by the parliament of Canada, provided the proportionate representation of the provinces prescribed by this act is not thereby disturbed.

The only difficulty about it is, as I see it, that this is a subsequent enactment and it is in such precise and definite terms that it may be that we are binding ourselves never to increase the representation in the future. That is an important matter. It may well be that if the industrial part of Canada grows rapidly the maritimes will very shortly reach the

number—twenty-four—provided for as a minimum, at which time the quotient will be obtained by dividing the population of Canada, west of Quebec and including Quebec, by 230, and if in the meantime the industrial areas in Canada have increased heavily it would leave the prairies in danger of having their representation cut down drastically and without any such protection as has been, in my opinion quite properly, given to the maritimes.

Much has been said about the essential justice of representation by population. But our representative system is designed, its purpose is to give proper representation to the will of the people, so that that will shall find appropriate expression in governmental action and legislation. I submit that actually mathematical representation by population has not been accepted as the basis on which you set up your seats within the provinces, where you can take into account these other factors. Obviously it is much harder properly to represent in this house the wishes and hopes and feelings of a widely scattered agricultural population than to represent a compact urban group.

Another thing: each part of the country should have a fair representation as respects the right to have its views prevail. Urban centres have great organizations: boards of trade and the like, great newspapers, and other means of pressing their viewpoints, whereas agricultural areas have to rely almost entirely upon those whom they elect to their legislatures and to parliament. So it is not surprising that at the time of the last redistribution, when it fell to the provincial groups here in the Commons to establish constituencies within their boundaries according to what they thought right, they did not follow strictly the rule of representation by population. Take, for example, the three largest seats in Quebec. I find that their average unit of population is 89,871, whereas the three smallest seats in that province have about 23,000 each, or roughly one-quarter of the population of the three large city seats. Or take Ontario; the five largest seats have an average unit of representation of 95,614, and the five smallest seats have 21,491, so that the unit of representation in these latter is less than one-fourth of what it is in the larger seats. This indicates that when representation is placed upon a basis which is regarded as fair and just, agricultural areas are held to be entitled to smaller constituency populations than are required in the larger urban areas, so that these seats can be properly represented in this house. Every province, with the exception of the maritimes and the prairies, has large urban centres, so that, by putting large numbers into those urban seats, they can give the rural population a reasonable representation. But we, at least in Saskatchewan, have not that safety valve, and if this particular resolution had not been introduced and we had been reduced in Saskatchewan to seventeen seats it would have meant that our rural constituencies would have been so large that it would have been difficult adequately and properly to represent them in this house. That is a problem which must receive the attention of parliament in the days ahead—how to give adequate and fair representation to a predominantly, an almost exclusively, agricultural province like Saskatchewan, in comparison with other agricultural communities in the rest of Canada.

In regard to what has been done in the maritimes, and their minimum, I do not think anything can be said against it. Theoretically, if you did not give them a minimum, you might come to the time when a province, one of the basic provinces of confederation, might be reduced to the point where it would not be represented at all in this house, which would obviously be a ridiculous state of affairs. A minimum representation must be provided in connection with such a province; the same situation must be kept in view and we must see to it that proper representation is given to an agricultural province.

Something has been said in this house, and it has been repeated more than once, to the effect that there was no justification for increasing the number of members in the House of Commons, because of the cost involved. If there is one way in which democracy can be strengthened in a country like ours, it is to see that the people are made to feel that they are adequately and properly spoken for in the parliament of their country; and if you have a unit so large that people do not feel that they know their members, or that their members are able to speak for them fully and properly, they are bound to lose faith to some extent in our representative democratic institutions. To suggest that we should allow the extra cost of a few thousand dollars to enter into the picture, and to prevail against the best interests of our representative institutions, is indeed strange.

I looked up the estimates for this year and I have found that there is provided for legislation, for the cost of running parliament and for other costs in connection with legislation, the sum of $3,486,000. I find that we are going to spend as a country, according to these estimates, the sum of $2,769,000,000. In other words, as a parliament we are going to spend, in the supervision of these expenditures and

in the passing of laws for this great country, a little over one-tenth of one per cent of the money that we shall spend, about one-tenth of a cent for every dollar we spend. I ask myself this question: Can those who say that we cannot afford to have proper representation of the people in this house be really serious?

What price liberty and freedom? Well, that is one way in which we can ensure liberty and freedom, to have our representative institutions functioning properly; and if it is necessary to have more than 255 members, bearing in mind that in Great Britain the representation is something under 600 members in their House of Commons, then I say it should be done and the extra small amount should not enter into our consideration, since we are doing something to promote the welfare of our country and its democratic institutions.

One other matter which I wish to bring to the attention of the house is the argument that was raised on behalf of the Progressive Conservative party. They argue, I understand, that this proposal should not be carried into effect until there has been consultation with the provinces. I have read the debate carefully and I am not clear as to just how far they intend to go in that respect. Do they mean that if we cannot get the consent of the provinces to the proposed change we should do nothing; or do they mean that we should go through the form of consulting the provinces and, if they do not agree, we should go ahead anyway? I suggest that in justice to the people they should state definitely where they stand. They are inviting the members of this house to vote for their motion that this proposal should not be carried into effect until the provinces have been consulted. They should state what they intend to do if one of the provinces should decide to stand on its alleged constitutional rights and say, "We will not agree to it." If they intend to allow the matter to drop there, after consulting the provinces, and to go no farther if one or more of the provinces say no, then what my hon. friends are doing is this. They are saying that nothing shall be done if the provinces disagree. Is that what they mean?

Do the Progressive Conservatives in this house suggest that a conference should be held at which Mr. Drew would represent the province of Ontario and that he would give up what is his by alleged constitutional right, eight members more than the province is entitled to on the basis of population in this house?

[Mr. Tucker.]

Mr. SMITH (Calgary West): Certainly he would. It is the only fair thing to do.

Mr. TUCKER: My hon. friend may think he can speak for Premier Drew—

Mr. SMITH (Calgary West): I can do it better than you can.

Mr. TUCKER: —but I am not sure that he can. I do not think he expected Premier Drew to take the stand he did recently.

Mr. SMITH (Calgary West): Now let us stay in order. We can argue that at the proper time.

Mr. TUCKER: No one can speak for Mr. Drew in this house except Mr. Drew.

Mr. SMITH (Calgary West): And he is not here.

Mr. TUCKER: Have we the assurance of the Progressive Conservative party that the provinces will agree to this resolution if it is referred to them? Is that what they mean? If so, their motion means nothing and it is simply window-dressing. If, on the other hand, they do not know, then they are putting themselves in the position where we may be bound to this admittedly unfair situation. That is the position of the Progressive Conservative party, and I say to the leader of the opposition (Mr. Bracken) that he owes it to the house and the country to say what the attitude of his party is. Suppose we consulted the provinces and the provinces did not agree. Would they say that Ontario should keep eight members to whom it was not entitled, Saskatchewan lose four, and Manitoba three? Let them speak out and say frankly to the people of the country what their attitude is.

The hon. member for Stanstead (Mr. Hackett) took a slightly different attitude. As I understood him, he took the view that under section 52 we could actually bring about the situation which we shall have after this resolution goes through the British parliament, that we could increase our membership to the numbers proposed, that subsection 4 would not apply because we are not decreasing the membership of any province except Manitoba and Saskatchewan. Subsection 4 would not protect Saskatchewan—and I presume the same is true of Manitoba—and we could bring about this situation that is proposed without an amendment of the constitution.

If it is within the power of this parliament to do this very thing, what becomes of the argument of the Progressive Conservative party that we should not ask for a constitutional amendment to make sure that we have the

right to do it. The hon. member for Stanstead, in an able address, argued that parliament could do this very thing. Very well, if it can, why should he vote that before it is done the provinces should be consulted. If his argument is sound, the only effect of the amendment is to clear up all doubts and difficulties. If parliament proceeded along the lines suggested by the hon. member for Stanstead, and by chance he was wrong and the courts so held, we might have in existence a parliament which the courts would say was set up on a wrong basis. What kind of confusion would that bring about? That is a possibility arising out of the argument of the hon. member for Stanstead. But if we have a constitutional amendment merely making it quite clear beyond doubt that we have a right to do this, if his argument is correct we shall have taken no rights away from the provinces because, according to the hon. member, we had the right to do this in this parliament. I marvel at the hon. members of the Progressive Conservative party. Here we have one of their outstanding members saying that we have a right to do this thing in this parliament; and we have other members of the party saying that before we do this, or before we make sure we have a right to do it, the provinces should be consulted and perhaps given the right to veto what the hon. member says parliament has a right to do without a constitutional amendment. To me that is a strange attitude to adopt, and I invite the leader of the opposition or someone speaking on behalf of the Progressive Conservative party to indicate exactly where they stand on this matter and why they seek to stultify this parliament by the stand for which they have argued.

Another matter I should like to deal with briefly is the importance of addressing ourselves at a very early day to the problem of setting up some means of changing our constitution within Canada without having to go to the British parliament for that purpose. We say and believe that we are an absolutely autonomous, self-governing nation, co-equal with the United Kingdom. Yet it is quite possible that certain situations may develop which may throw a doubt on that position in the minds of those who do not understand the position. We should bear that in mind, and try to act to prevent them from developing. It is possible, for example, that a party might be endorsed by the country having as one of its planks the abolition of the senate. There you would have our self-governing nation electing a government having that as its policy and putting through this House of Commons, we will say, a resolution to abolish the other place. I take it that some of the provinces would object. Then the British parliament would be asked to hear representations on behalf of the sovereign people of Canada, as expressed in their House of Commons, to do one thing, and they would have representations from some of the provinces not to do it. So that you would have the British parliament in the utterly impossible position of being forced to act as an arbiter between Canada as a country and parts of Canada as provinces. Again, you might have this situation develop, that this house and the other place would concur in a resolution asking for a change in the constitution, and one province might feel very strongly that this should not be done. I take it that that province would have the right to make representations at Westminster, so that again you would have the parliament of another country being put in the position of having to act as an arbiter between one group of Canadians and another group.

Mr. SMITH (Calgary West): If the hon. member will permit one question, does not the privy council now do exactly the same thing he is talking about?

Mr. TUCKER: What do you mean by the privy council?

Mr. SMITH (Calgary West): Do they not act as an arbiter between the dominion and the provinces? Is that not what they do all the time?

Mr. TUCKER: As far as I am concerned, the sooner we do not have to resort to a court outside Canada to interpret our laws, our constitution or the rights of one Canadian as against another, the better pleased I shall be.

Mr. COLDWELL: You mean the sooner we cease doing it?

Mr. TUCKER: The sooner we see to it that we do not have to refer matters for decision to the judicial committee of the privy council, a court outside Canada, the sooner we shall stop misleading other nations as to the essential sovereignty of the Canadian nation. To suggest as an argument why we should have to go to Westminster to have our constitution amended and perhaps, as a sovereign people, act as a suppliant before the parliament at Westminster as against a province which might be opposed to what we wanted to do, that the Canadian government has to go and argue before the judicial committee of the privy council, with the provinces arguing on the other side as to what our constitution means, I think is trying to prove that because you have one wrong you should have two. As far as I am concerned, the sooner Canada stands on her own feet; the sooner Canada has the right to amend her

own constitution, the right to have her constitution and laws determined by courts within this country, the sooner the possibility of misunderstandings between Canada and other parts of the empire and between Canada and other nations will be done away with. There is no doubt in the world but that other nations looking at Canada, realizing that we have to go to Westminster to have our constitution changed and to have our laws interpreted by the judicial committee, would be almost bound to misunderstand the essential sovereignty of this nation, and the sooner that is changed, the better I think it will be for the United Kingdom and for us.

That is all I wish to say about this redistribution measure. I compliment the Minister of Justice (Mr. St. Laurent) on having brought it in, because at any rate it restores the position under which we shall at least have the same representation, on the basis of our population, as other parts of Canada, which we would not have had on the old basis. I urge, however, that the minister as well as future students of this problem give consideration to the question posed by the difficulty of providing proper representation in this house of the great agricultural area of western Canada and by the present mode of amending our constitution.

The house having reverted to the order for motions:

LABOUR CONDITIONS

LUMBER INDUSTRY—STRIKE IN BRITISH COLUMBIA—ANNOUNCEMENT OF GOVERNMENT ACTION

Hon. HUMPHREY MITCHELL (Minister of Labour): I wish to announce government action to deal with the situation in British Columbia due to stoppage of work in plants engaged in the manufacture of wooden containers for use in the harvesting and marketing of fruits and vegetables. I now table copy of an order in council passed to-day, which provides:

1. For the appointment of Mr. Gordon Bell of the city of Vancouver as controller of such plants.

2. That the operators of establishments engaged in the operation of a sawmill or woodworking plant and in particular those normally engaged in the manufacture of wooden containers for use in the harvesting and marketing of fruits and vegetables or of a logging camp normally engaged in the supply of logs for any such plant shall reopen the plants for business at twelve noon on June 19, 1946, which is to-morrow.

3. That employees formerly engaged in these plants return to work at twelve noon on June 19, 1946, at the wage rates which prevailed at the time of the work stoppage.

It has been arranged that the chief justice of British Columbia, Hon. G. McG. Sloan, shall act as an industrial disputes inquiry commissioner and negotiate with the bargaining representatives of the employees and the management of the plants with a view to settlement of the wage rates and other matters at present in dispute between them, on the understanding that whatever rates and conditions are agreed upon shall be effective from June 19, 1946. I shall not delay the house by reading the text of the order in council, but with permission of the house shall lay it on the table and ask that it be printed with my statement.

Some hon. MEMBERS: Agreed.

Mr. MITCHELL: By telegram I am urging upon the president of the union and the secretary of the Canadian Manufacturers Association, who has been acting for the operators, that union and plant operators give full cooperation to this plan in order to get the mills started up again because of the importance of preventing further waste in food. Hon. members will understand, of course, that this action is being taken as a joint decision of the federal and British Columbia governments and therefore carries with it the authority of both governments. I sincerely hope that the action will be endorsed and accepted by those immediately concerned in the dispute.

I should like to make it plain to hon. members that there is still the major problem brought about through the stoppage of work in the lumbering and logging industry, mainly in the coastal region. Chief Justice Sloan, it will be recalled, has been acting as a commissioner and has made a recommendation for an increase of fifteen cents an hour with a revocable check-off of union dues. These proposals have been accepted by the operators. In my judgment they are fair and reasonable and should be agreed to by the men. I would urge upon them that they adopt the proposals and go back to work. It is my earnest wish that members of this house use their influence to bring about an acceptance of Commissioner Sloan's proposals and a return to work of those engaged in production that is so vital to the economy of the nation.

The order in council is as follows:

P.C. 2503

At the Government House at Ottawa
Tuesday, the 18th day of June, 1946.

Present:

His Excellency
The Governor General in Council:

Whereas upon a dispute arising between certain operators of several logging camps, saw mills, woodworking plants, shingle and planing mills and sash and door mills in the province of British Columbia, and the employees in those camps, plants and mills who are members of International Woodworkers of America, the Honourable G. McG. Sloan, chief justice of British Columbia, was appointed an industrial disputes enquiry commissioner to inquire into and report on the said dispute as the same concerns wage rates and other conditions of employment;

And whereas on the fifteenth day of May, 1946, the said International Woodworkers of America, acting on behalf of the said employees, declared a strike whereupon the employees went on strike, and since the said date have continued to be on strike;

And whereas the Honourable George S. Pearson, minister of labour for the province of British Columbia, has advised that in consequence of the continued work stoppage resulting from the said strike, wooden containers are not now available for use in harvesting and marketing the fruit and vegetable crop of that province, and, further, that unless sufficient quantities of such wooden containers are made available immediately for such use, great loss will be sustained by the fruit and vegetable growers in the province and great waste of essential food will result;

And whereas the said Honourable George S. Pearson recommends that a controller be appointed to take charge of and to operate such and as many of the said camps, mills and plants as he considers necessary to produce the requisite quantities of the required types and sizes of the said wooden containers for the uses aforementioned, and, further, that the controller shall have power to direct the said employees or any of them to return to work;

Therefore, his excellency the governor general in council, on the recommendation of the Minister of Labour, and under the authority of the National Emergency Transitional Powers Act, 1945, is pleased to make and doth hereby make the following order:

Order

1. Gordon Bell, esquire, of the city of Vancouver, in the province of British Columbia, financial agent, is hereby appointed controller of the business, undertaking and establishment of every person, firm or corporation in the said province, engaged in the operation of a saw mill or woodworking plant and in particular every woodworking plant normally engaged in the manufacture of wooden containers for use in the harvesting and marketing of fruit and vegetables or of a logging camp normally engaged in the supply of logs for any such plant.

2. The said controller shall have the custody and control over the property and assets of any such person, firm or corporation as he, in his uncontrolled discretion and judgment, may deem necessary in order to manage, operate and carry on the business of such person, firm or corporation, and he shall, for such purposes, have and exercise the powers, authorities and rights of the board of directors of any such corporation.

3. The controller shall exercise the foregoing powers and authorities subject to such instructions and directions, if any, as may from time to time be approved by the Minister of Labour for Canada.

4. The Minister of Labour for Canada may, for purposes of this order, from time to time appoint one or more deputy controllers who shall have and exercise any and all of the powers conferred on the controller subject to any restrictions thereof which the controller may from time to time impose and subject, in all cases, to review by the controller.

5. The controller, any deputy controller or any person acting for or on behalf of or under the authority of the controller shall not become liable to any person for anything done or omitted in the exercise or purported exercise of any powers or authority from time to time vested in or conferred upon the said controller.

6. The authority of the controller shall commence at 12 o'clock noon, the 19th day of June, 1946, and shall continue until the same is revoked by order in council which shall be published in the *Canada Gazette*.

7. The authority of the board of directors of any corporation affected by this order is, subject to section 10 of this order and insofar as the same is abrogated by or pursuant to section 2 of this order, suspended from 12 o'clock noon, the 19th day of June, 1946, until the powers, authority and rights of the controller in respect of such corporation shall be revoked.

8. It shall be the duty of every person who was in the employ of any such person, firm or corporation on or immediately prior to the 15th day of May, 1946, to perform the duties of his employment as and when required to do so by the controller and he shall continue to perform such duties until the authority of the controller is revoked; and every person who fails to perform his duties as aforesaid as hereinafter required without lawful excuse, the onus of proof of which is upon him, is guilty of an offence and liable upon summary conviction to a fine of $20 for each day or part of a day in which he fails so to perform his duties.

9. Each and every person who was in the employ of any person, firm or corporation affected by this order shall forthwith return to his place of employment and shall be paid wages at the rate in effect for him on the 15th day of May, 1946.

10. The Minister of Labour for Canada shall request the said commissioner, the chief justice of British Columbia, G. McG. Sloan, to commence his duties as commissioner; and the bargaining representatives of the aforesaid employees and each person, firm or corporation concerned herewith shall enter into negotiations with a view to the settlement of the matters presently in dispute between them, and shall negotiate in good faith with one another and make every reasonable effort to conclude a settlement. If by reason of such further negotiations, the parties agree upon an amount as an increase in the wage rates for the said employees, such increase shall, subject to the approval of the regional war labour board for British Columbia, be effective as and from the date upon which the employee returns to work.

11. Any person who (a) interferes with the exercise by the controller or any deputy controller of any of the powers, authorities and rights conferred upon him, or (b) interferes with any employee or other person seeking to comply with the terms of this order or (c) counsels or procures any person to violate this order, shall be guilty of an offence and liable upon summary conviction to a fine not exceeding in the case of (a) $5,000 or imprisonment for a term not exceeding five years or to both such fine and such imprisonment; and in the case of (b) or (c), to a fine not exceeding $500 or imprisonment for a term not exceeding six months or to both such fine and such imprisonment.

[*Later:*]

Hon. HUMPHREY MITCHELL (Minister of Labour): With the consent of the house I should like to make a short announcement. This afternoon I read a statement and tabled an order in council in reference to the labour dispute in British Columbia. To-night I am happy to tell the house that I have been informed through Chief Justice Sloan that both parties to the dispute have accepted the advice given them, and I understand that work will commence to-morrow.

BUSINESS OF THE HOUSE

Hon. IAN MACKENZIE (Minister of Veterans Affairs): Mr. Speaker, in view of the fact that the house has reverted to the order for motions, I move, seconded by the Minister of Justice (Mr. St. Laurent):

That there be an intermission in the sitting of this house this day between six o'clock and nine o'clock, notwithstanding the provisions of standing order 6 in relation thereto.

Mr. BRACKEN: That is acceptable to us.

Motion agreed to.

REDISTRIBUTION

AMENDMENT TO BRITISH NORTH AMERICA ACT AS TO RULES FOR READJUSTMENT OF REPRESENTATION

The house resumed consideration of the motion of Mr. St. Laurent for an address to His Majesty the King praying that a measure be laid before the parliament of the United Kingdom to effect an amendment to the British North America Act with respect to readjustment of the representation in the House of Commons, and the amendment thereto of Mr. Diefenbaker.

Hon. H. F. G. BRIDGES (Minister of Fisheries): Mr. Speaker, in continuing the debate on this important resolution, and the amendment thereto, I should like first of all to say that I have been greatly impressed by the speeches delivered by many hon. members who have spoken before me, and I say this in all sincerity. Naturally I do not agree with all that has been said in the debate, but I wish to say what has impressed me most is that so many hon. members have done so much by way of preparation and research before making their contributions to the debate. I believe the whole house will agree with me when I say that this comment applies to members of all political parties. I feel it speaks well for this parliament, and, further, that it augurs well for the future of Canada, especially when one realizes that so many who have spoken so well are new members in the house. They have set a high standard in debate, and it will be difficult for me to maintain the same high standard. I feel, however, that it is incumbent upon me to make some remarks on this occasion, not especially because I am a member of the government, but because this resolution has been attacked by two members from my own province who are members of the Progressive Conservative party.

In 1867 there was passed by the imperial parliament what is known as the British North America Act, which is really not only the constitution of Canada, but also the constitution of the various provinces which make up our country. Time will not permit, nor is the house interested at this stage, in the details respecting all the preliminaries which led up to the passing of that act. At any rate it is sufficient to say that it was the result of Canadian statesmanship—and not British—and that it was the guiding genius of Sir John A. Macdonald, ably assisted by Sir George Etienne Cartier, Messrs. Tupper, Tilley and others, who paved the way for the passing of that act. One should add that, taking all things into consideration, they did an extremely good job. However, I feel that those of us of the third and fourth generation of Canadians since that date have just a little bit of criticism to make. They did not provide any means of amending our own constitution. The omission may have been deliberate or it may have been accidental, especially as there was little interest or little enthusiasm in the imperial parliament at the time of the passing of the act. Sir John A. Macdonald compared its progress in the British House of Commons to that of a private bill uniting two or three English parishes. The record is not clear, I believe, as to just how this omission occurred.

In discussing the question before the house, I do not pretend to do so as an authority on constitutional law. There are others in the house far more capable and competent to do so than I am. I speak, however, as one who is keenly interested in Canada and in Canada's

future. While I am deeply conscious of the glories of tradition, as a Liberal I do not feel that I should be steeped in tradition. I therefore do not feel that our constitution should be like the laws of the Medes and the Persians, which altereth not. I regard our constitution as being like a suit or garment which was made in 1867 to fit the Canadian body politic. It has been an extremely good suit, and it has been made of extremely good cloth. It has worn well, and still has a lot of good wear in it. But time has marched on, and the Canadian body politic has grown up. Our suit is now a bit tight in spots; and, what is more important, it is no longer appropriate for the various occasions on which we have to wear it. One obviously feels that it is necessary that it should be altered. But the questions are and will be for the future, how should it be altered and who will be the tailor who is to make those alterations? As a Canadian I feel that we should be our own tailors.

Other members of the British commonwealth have the right to amend their own constitutions, and we should have the same right. If Australia and South Africa can amend their constitutions, why should not we? However, as yet we have not yet that privilege; and it will no doubt take much study on the part of many good Canadians before some suitable machinery can be adopted to enable us to amend our constitution. As I said before, the British North America Act is the constitution not only of Canada, but also of the provinces; and in order to arrive at a conclusion as to just what the machinery should be to amend all sections of the British North America Act, it would of course, be necessary that the provinces, or the people in those provinces should be consulted. At the present time all we in this parliament can do is to pass a resolution asking the imperial parliament to amend the act. That is just what the government of the day is proposing to do in connection with this redistribution bill.

That brings us to the question as to whether or not the provinces should be consulted before we pass this particular resolution. That question has come up before, and no doubt will come up again, as long as the present system of amendment exists. I am going to repeat what our able Minister of Justice (Mr. St. Laurent) said on May 28, when moving the resolution, since it is a statement with which I am in complete accord:

> The provinces, that is to say, the people of the provinces, are all represented in this parliament, and for the purposes of such matters as are confined to the jurisdiction of this parliament it is by those representatives here that the people of the provinces speak. There are other matters given by the act to the jurisdiction of the provincial legislatures and the provincial governments; with respect to any of those it is my view that it would not be possible to deal with them without the consent of those to whose jurisdiction they have been confided.

With that statement of the Minister of Justice I repeat that I am in complete accord. I am sure no one in the house contends that we would be in order in passing a resolution requesting an amendment which would materially affect any of the matters which come within the exclusive jurisdiction of the provincial governments or provincial legislatures without prior consultation with those provinces. Does anyone for one minute really believe that this or any other government would dare to endeavour to amend sections 92 or 93 of the British North America Act without consultation with the provinces? If we did, I am sure the imperial parliament would not accede to that request. With regard, however, to those other matters, such as the present resolution before the house, I am firmly convinced that it is not necessary that this house should consult the provinces in dealing with this question.

I believe there have been nine amendments of the British North America Act, and only on two occasions were the provinces consulted prior to the passing of those amendments. I am sure that when the Minister of Justice makes his reply he will deal quite fully with the same. Others have spoken as to what was done by Sir Robert Borden and Sir Wilfrid Laurier in other cases. But let us consider for the moment just what happened only a few years after confederation, and when the fathers of confederation were still alive. To begin with, there is not the slightest doubt but that at the time of the passing of the British North America Act Sir John A. Macdonald was most keen that this country should have a strong central government and central parliament. It should be borne in mind that our act was passed just after the awful American civil war. Sir John and the fathers of confederation knew what disastrous consequences might occur if there were not a strong central government. He was therefore desirous that this country should be called the kingdom of Canada, but in that he did not succeed. He was also desirous that all the residuary powers not specifically assigned to the provinces should be assigned to the new government and parliament of Canada, and in that he did succeed. As we all know, this characteristic of our constitution is the direct reverse of the constitution of the United States.

After dealing with the problems which arose shortly after confederation, it was proposed to extend better terms to Nova Scotia. Mark you, that was in 1869, two years after the passing of the B.N.A. Act. On this occasion, Mr. Holton, a member of this house, on the second reading of the bill moved as follows:

> That in the opinion of this house any disturbance of the financial arrangements respecting the several provinces provided in the B.N.A. Act unless assented to by all the provinces, would be subversive of the system of government under which the dominion was constituted.

That resolution was the first formal enunciation of what is known as the compact theory of confederation or the doctrine that all the provinces must be consulted and must assent before any change can be made to the constitution. The resolution was rejected on that occasion by the government of Sir John A. Macdonald and by the House of Commons, which included in its members at that time many of the actual fathers of confederation such as Messrs. Macdonald, Cartier, Galt, Tilley and Tupper, who voted against the resolution. That was in 1869, two years after confederation.

Again in 1871, two years later, the question of provincial consent was revived in connection with the passing of an act by the imperial parliament for the purpose of removing doubts as to the power of the Canadian parliament to pass the Manitoba Act. At that time Mr. Mills, then a member of the House of Commons, moved several resolutions protesting against the procedure followed by the government of the day. One of those resolutions was as follows:

> That the representative legislatures of the provinces now embraced by the union have agreed to the same on a federal basis which has been sanctioned by the imperial parliament. This house is of opinion that any alteration by imperial legislation of the number of representatives of the House of Commons recognized and fixed by the 51st and 52nd sections of the British North America Act without the consent of the several provinces that were parties to the compact would be a violation of the federal principle in our constitution and destruction of the independence and security of the provincial governments and legislatures.

Again this was a definite assertion of the theory that the provinces should be consulted before any changes should be made which would affect representation as provided by sections 51 and 52 of the British North America Act. This was only four years after confederation, but again the government, under the leadership of Sir John A. Macdonald declined to approve such a principle and the motion was rejected without debate. Not only was it rejected without debate, but I believe it was rejected without a recorded vote. The provinces were not consulted on that occasion, and there was no united protest on their part against the procedure that was followed. The fathers of confederation were still alive and were for the most part sitting in this House of Commons. They did not either suggest or approve the procedure which is being suggested to-day by the amendment to the resolution. Surely they, with the memories of the Charlottetown, Quebec and London conferences still fresh in their minds, were in a far better position to decide what the procedure should be in such cases than should the Progressive Conservative party be some seventy or eighty years later.

The main part of the amendment to the resolution before the house reads:

> Now therefore be it resolved that the government be required to consult at once the several provinces and upon satisfactory conclusion of such consultations be authorized to present an humble address to His Majesty in the following terms.

We, therefore, have again in the wording of this amendment a request to consult the provinces. The gist of the amendment seems to be in the words "that upon satisfactory conclusion of such consultations." I should like to ask hon. members on the other side of the house, when they use the expression "satisfactory conclusion" to whom do they consider that these conclusions should be satisfactory? Do they mean that these consultations should be satisfactory to this parliament? Or do they mean that they should be satisfactory to each and every one of the whole nine provinces which make up Canada? Do they mean that they should be satisfactory to seven provinces and not satisfactory to the provinces of Quebec and Ontario? Or do they mean that they should be satisfactory to some provinces and not to others?

We in this house are fully aware just how difficult a matter it is to get all the provinces to agree with the dominion government or to agree among themselves. We recently had the spectacle of an interprovincial conference which dragged on and on. I am sure that no one in this house will contend that the result of those consultations was satisfactory in any sense of the word. To my mind, the amendment to the resolution is not a practical one without further explanation as to just what the word "satisfactory" means. I am going to vote against the amendment. I do not believe it is a practical suggestion, nor do I believe, according to our constitution, that we have to consult the provinces on matters of this kind.

To come now to the main resolution which has been debated at considerable length from many corners of this house and which I am going to support, in my own province I am not known as a "yes" man. My political record there speaks for itself. I want to assure the house that I arrived at the conclusion that I would support such a proposition as is contained in this resolution only after careful study and serious consideration. I feel that in all our deliberations in this house we should remember that while we sit as representatives for certain constituencies, we are first and foremost members of this House of Commons of the parliament of Canada and that in fairness to this great country of ours we should always decide what is best for Canada as a whole.

In making this statement I know that I am on sound ground. I would direct the attention of hon. members to something which I believe has been read to them already by the hon. member for Broadview (Mr. Church). I would refer hon. members to Beauchesne's third edition, page 11, where our learned and genial Clerk quotes from Blackstone as follows:

> Every member as soon as he is chosen becomes a representative of the whole body of the commons, without any distinction of the place from whence he is sent to parliament . . . that every member is equally a representative of the whole has been the constant notion and language of parliament. Every member, though chosen by one particular district, when elected and returned, serves for the whole realm. For the end of his coming thither is not particular, but general, not barely to advantage his constituents, but the commonwealth.

That is taken from Blackstone, volume 1, page 159. He then goes on to quote Edmund Burke.

Mr. MACKENZIE: To the electors at Bristol.

Mr. BRIDGES: Yes, to the electors at Bristol. This is the quotation:

> Parliament is not a congress of ambassadors from different and hostile interests; which interests each must maintain, as an agent, and advocate, against other agents and advocates; but parliament is a deliberative assembly of one nation, with one interest, that of the whole; where, not local purposes, not local prejudices, ought to guide, but the general good, resulting from the general reason of the whole.

I recommend to each and every member of this house the reading of these two articles, and I recommend not only that they read them but that they should read, mark, learn and inwardly digest them. These words should be our guiding principles in our deliberations in this house.

What do I like about this resolution? I like the fact that it is going to make a new unit of representation which, with some safeguards for the smaller provinces, treats us all alike. The unit will no longer be based upon the population of the province of Quebec. It will be based upon the population of the whole of Canada. In this way we shall all be considered alike, whether we be of French or English descent, whether we be of Scottish or Irish descent, whether we be of Dutch or Ukrainian descent or any other kind of descent.

Mr. KNOWLES: Or even Canadians.

Mr. BRIDGES: Or even Canadians, as I am myself. That is one way in which we can build up a united Canada, and I want to build up a united Canada.

What else do I like about this resolution? I like the fact that, for the time being at least and, I think, for a long, long time to come, it sets a limit of 255 to the size to which this house can grow. If I must speak from a sectional point of view—and I do not believe I have to—in order to answer the hon. member for Royal (Mr. Brooks), who, I regret, does not happen to be in his seat at the moment, that limit of 255 is a protection and a safeguard for the maritime provinces. Under the present system there is no limit to the size to which this house can grow, and if the rest of Canada grows faster than the province of Quebec we may some day have a house of more than 255 members. It even might go as high in the distant future as 300, and if our maritime provinces did not maintain the same rate of increase we would then have a minimum of, only twenty-four members in that number of 300. One might say an increase in population of this kind could never happen, but we are, I believe, entering upon a new era in Canadian history. All one has to do is to look at the map of Canada and see how much of this country is undeveloped, and with some vision he can see that there is such a possibility.

If, in order to reply to the hon. member for Royal, I must speak from a further sectional point of view I would point out to the hon. member that under this resolution we shall have the representation in this House of Commons to which at present we are entitled by population, and by reason of this safeguard I have mentioned we shall not have fewer than ten members in a house of 255.

In my opinion, this resolution is, first of all, in the best interests of Canada, and if I must speak on the same level as the hon. member

for Royal and some others who have spoken from a sectional point of view, I say it is also fair to the maritime provinces. In making that statement I am fully conscious of the fact that I happen to be a member of this government and the only member of this government from New Brunswick. So far as I am concerned, I shall never turn my back on the province in which I was born and in which I have lived practically all my life. I am just as good a citizen of New Brunswick as any other member from that province. But I am also a citizen of Canada, and in addition I have the high honour to sit in this House of Commons of Canada. In my deliberations in this house I shall, I hope, always act in the best interests of Canada as a whole. I want to see a strong, virile and united Canada. We cannot, as has been said by other speakers in this house, Balkanize Canada.

I have listened to the hon. member for Cumberland (Mr. Black) and the hon. member for Royal when they have outlined the woes and misfortunes in the past of the maritime provinces. I have heard the same story over and over again in parliament and out of parliament. I am quite frank to admit that confederation has not proved as beneficial to us as we had hoped it would be. But does any member from the maritime provinces in this House of Commons say that we should get out of confederation or secede from the union? What good has the relating of all these woes of the past accomplished? We are in confederation, and, taking it by and large, the vast majority of the people, especially the younger people of the maritimes, rejoice in the fact that they are Canadians. They fought as Canadians in two wars—not as Nova Scotians, not as New Brunswickers, not as Prince Edward Islanders. The people of the maritime provinces to-day are interested in the future, and, what is more important still, they are interested in the results to come in the future. They are interested in what legislation will be best for them. They are and have been interested in old age pensions, pensions for the blind, family allowances, and social security of all kinds. These are the things in which they are interested, much more than in relating the woes of the past. They to-day know that they can count, as they have counted, on the Liberal party under the able leadership of the Prime Minister (Mr. Mackenzie King) more than on any other party to bring about such reforms as are required.

There are two things in which I firmly believe. They are, first, a true spirit of Canadianism, and, second, national unity. One should be the corollary of the other. As a follower of our great Prime Minister, I shall ever follow those principles of Canadianism and national unity which have been so clearly and ably enunciated by him in the past.

I believe that this resolution is in the best interests of Canadianism and of national unity. I am a Canadian, a Canadian to the core. We are all Canadians. But let us develop a true spirit of Canadianism. I am proud of Canada, and I am proud too, as our leader said yesterday, that Canada is a member of the British commonwealth of nations. I rejoice in that membership. I do not want any misunderstanding about that.

Confederation was born in a spirit of compromise, and if this country is to become the great country we all want it to be, the same spirit of compromise which permeated the conferences of the fathers of confederation at Charlottetown, Quebec and London should ever be present in this House of Commons.

I am not going to ask the maritime members of this house to vote for what they regard as in the best interests of the maritime provinces, as did the hon. member for Royal. I am going to ask all members of this house, whether they come from the maritimes or anywhere else, to vote for what they regard as in the best interests of Canada as a whole. I want a united Canada. God save Canada from sectionalism.

Mr. A. L. SMITH (Calgary West): Mr. Speaker, I must compliment the Minister of Fisheries (Mr. Bridges) on the early part of his speech. It reached a high place in reasoning and a very high place in rhetoric. We have not heard enough of him. If, in the later stages of his speech, when the applause grew so generous, just a tinge of the soap-box entered, I am sure he can readily be forgiven for that.

I also agree with him most heartily in complimenting members on the high tone of this debate. It only fell by the wayside slightly once, and that was when my hon. friend the member for Rosetown-Biggar (Mr. Coldwell) followed the hon. member for Lake Centre (Mr. Diefenbaker) and with a shade of annoyance, for which, of course, he is forgiven, accused the hon. member for Lake Centre of reading his speech. His remarks were that he could not tell when the hon. member for Lake Centre ceased quoting and when he was reading his own speech. It occurred to me at the time how greatly pleased the leader of the C.C.F. party would have been if someone could honestly say of him that he did not know when Laurier ceased speaking and the hon. member began. I am inclined to think

that would be a great compliment to anyone in this house, and indirectly the hon. member for Rosetown-Biggar paid that compliment to the hon. member for Lake Centre.

We were asked a couple of direct questions this afternoon, and I intend to reply to them. But before doing so I am anxious to say this. Everyone agrees that representation by population is an ideal much to be desired; but, like many other things, coming to its practical application, we cannot in this as in many other things carry it through 100 per cent. We have already in Prince Edward Island a variation from that principle, and I am happy to say that I have heard no one in this debate object to the situation as it there exists. If we go to other countries we find that the same thing prevails there. In the United Kingdom there are counties; there are boroughs; there are even members for the universities, whose electors cast two votes, one for the university member and one in the place where the voter resides. Take a little trip to the south, to the United States, and what do you find there? In the house of representatives there is representation by population, but in the senate, the more powerful from a legislative point of view of the two bodies, the representation is purely regional. In other words, the state of New York, with its teeming millions, has exactly the same representation—two—as the state of Nevada with a population not nearly as large as the city of Montreal. So that while representation by population is an ideal, I agree with what has been said by hon. members from Saskatchewan, the maritimes and elsewhere, that it cannot be carried to an extreme degree. I have in mind one constituency, that of Acadia. It is tremendously large; it is a poor constituency; it is a place where they do not get very much rain. The hon. member for Davenport (Mr. MacNicol) has been looking into that for some time and he is either going to irrigate it or bring in a rainmaker as we did at one time at Medicine Hat.

Mr. MACKENZIE: We might bring in a bit of Vancouver.

Mr. SMITH (Calgary West): We might bring them a bit of Vancouver, as the minister suggested. However, there are other things in Vancouver which we would not have at any price. The minister is not one of them. But, as I was saying, Acadia is a poor place. The roads are not good. It has railways going in two directions; but they are many, many miles apart, and the north and south railway, running between Calgary and Edmonton, is not in the constituency at all, so that if you wish to travel from one point in the hon. member's riding to another by railroad, which you must do when it rains because you cannot drive motorcars then—they know something about mud—you must come clear around into Lacombe, to Calgary, and from there by the Goose Lake or the Hanna line. So that in a case like that I agree with the application of what the parliamentary assistant to the minister has said. In this country, with so small a population spread over such tremendously wide areas, we must give some consideration to regional difficulties.

A few moments ago somebody sent me statistics of the population of greater Montreal and greater Toronto. I believe that, according to the last census, the population of the dominion is 11,500,007. The population of the two cities I have mentioned is over two million. So that I think the point made by the hon. member for Rosthern (Mr. Tucker) was well made. If you want to tie in Vancouver, with 338,000, and Winnipeg, with 287,000, it is even more evident that to follow rigidly the principle of representation by population would necessarily increase the size of many rural areas, and the people who have been struggling along in those places would not have proper representation.

I now turn to the constitutional side. Modest as I am, like the Minister of Fisheries, I am far from being a constitutional lawyer. Frankly, I have learned more about the British North America Act in the last couple of weeks in this house than I knew in the last thirty or forty years. But certain things in that act are apparent, and here is where I commend and compliment the Minister of Fisheries. The great defect of the act is that it has no provision for its amendment. That was done in the other commonwealth countries, and that, it seems to me, is the major difficulty which is confronting us now.

I come to the direct question asked by the hon. member for Rosthern. He said this: granted that you consult your provinces—and he wanted to know the meaning of certain words—and then you do not have unanimity, where do you on that side of the house go from there? I think that is, as accurately as I can put it, the question which the parliamentary assistant to the minister asked. I am not going to reply to that directly at the moment, because I say that it all comes back to what the Minister of Fisheries said: there is no method of doing it. As a lawyer with some regard for the constitution, even without perhaps very much knowledge of it, I am not going to accept the hon. member's view that because there is no regular means we should adopt this means of bulling the thing through. The fact that there may be a majority one way,

and of course a minority the other way, does not mean that we shall accept the majority view. I am sure that no one on the other side of the house will give it as his legal opinion that if there is but one dissenter, there is power in the act to accept the view of the other eight. We come squarely back to the fact that we have no method of amendment. So it seems to me of great importance, that we should have a conference, after this bit of a measure has been dealt with, whereby we shall arrive at some scheme for amending our constitution. If we had that now we would not be in this long debate and the various difficulties which we are in.

Mr. TUCKER: Will the hon. member, then, permit a question? I permitted one from him.

Mr. SMITH (Calgary West): Yes.

Mr. TUCKER: Is he saying that until we can get the power to amend our own constitution we should leave this the way it is, without doing anything about it; that we should leave Ontario with eight members she is not entitled to, and cut down Saskatchewan by four and Alberta by three?

Mr. SMITH (Calgary West): May I first say this. Quebec is entitled to increased representation. I have no doubt about that at all. I know there are some people who think that I do not mean what I say and that I am suggesting these things by way of delay. But I tell the parliamentary assistant to the minister that if there is no legal method of amendment we have no right to construct one of our own unless it be based on legal and solid grounds. I hope I make myself clear.

Mr. TUCKER: We have acted to amend the constitution seven times in the past. Does my hon. friend say that that was illegal?

Mr. SMITH (Calgary West): If the hon. member is asking my view, I will say that confederation is a pact. It was a pact among equals. The Dominion of Canada was born of four mothers, or perhaps two mothers and two fathers.

Mr. BRIDGES: Three.

Mr. SMITH (Calgary West): Well, make it as many as you like. I am getting into trouble now with these legitimacies.

Mr. BRIDGES: What were the four?

Mr. SMITH (Calgary West): I am wrong. I can remember New Brunswick and Nova Scotia, Upper and Lower Canada. I thought that was four.

Mr. BRIDGES: No. There was only the one province of Canada at that time.

[Mr. A. L. Smith.]

Mr. SMITH (Calgary West): The act of 1841 did come in, so let us make it three. You are getting me on the 1841 act. To show you I am a great constitutional lawyer, I even remembered that there was an act of 1841, so that I will go to the head of the class now.

Mr. BRIDGES: Does the hon. member recall that the act of 1867 was a statute and not a pact? It was a statute of Westminster and, in my opinion, it is a statute and not a pact.

Mr. SMITH (Calgary West): I admit frankly that the statute of 1867 is a statute—doing what? Confirming a contract. That is exactly what it is. It is a statutory contract, an agreement made between these three people. That is what it is. Let me go farther. Someone may say that I am quite wrong, and I greatly respect the opinions of other people, certainly on any subject with respect to which they know perhaps a great deal more than I do. However, for what it is worth, that is my humble view. But leaving aside all legalizing, all legalities and everything else, what is confederation but the joining together of a number of people to create a whole for the common good? And be the act of 1867 the confirmation of a pact by statute, or a statute standing alone, it is equally the constitution for those who joined it and for the dominion, and there can be no doubt about that. That being so, it seems to me only reasonable and logical that at least consultation should take place.

Going a step farther, I will ask the Minister of Justice (Mr. St. Laurent), when he replies, if he can tell us in his judgment whether or not the earlier part of section 133 can be dealt with by a majority in this parliament; that is, the section of the act which provides for the French language in this house and in the province of Quebec. It also provides for the French language in dominion courts and in the courts of the province of Quebec. I am now the questioner and the great constitutional lawyers over there will perhaps answer me on that point. If I am right, my view is this. It is a severable section. If this parliament by a majority can change the proportion of membership in this House of Commons, that is the proportion by provinces, and if it is held that that is entirely within our jurisdiction, then I assert, with, I hope, some force and with, I hope, some reason, that on the same basis this same body can change section 133. Let us hope that is not so, because those rights granted at that time should never be left to the whim or sometimes, in heat, even to the anger of majorities.

We who are over here say to our friends of French extraction: We want that maintained and it will never go without your consent. That is our attitude with respect to that. But becoming lawyers once more, my view, and my considered view, is that if we can do constitutionally what we are now doing, we can certainly do that one thing.

At six o'clock the house took recess.

After Recess

The house resumed at nine o'clock.

Mr. CRUICKSHANK: Through the courtesy of the hon. member for Calgary West (Mr. Smith) and with your permission, Mr. Speaker, since unfortunately I was not able to be here this afternoon when the Minister of Labour (Mr. Mitchell) made his announcement, I wish, on behalf of the province of British Columbia, to express my appreciation of the action he took and to assure him of all possible cooperation on the part of the farmers, I think on the part of the union, and, I hope, on the part of all other parties interested.

Mr. SMITH (Calgary West): Before concluding my remarks, Mr. Speaker, may I join with the hon. member for Fraser Valley (Mr. Cruickshank) in complimenting the Minister of Labour as he has done. This is no time to say it might have been done earlier. We on this side join with the hon. member in his appreciation of the stand the Minister of Labour is taking. We express the hope that those people in British Columbia within whose power it lies to save food for Canada and for Europe will act under Gordon Bell, who incidentally is a friend of mine and who has been named to take charge of this operation.

I am going to try to conclude my remarks with a summation of what I have been trying to say. It seems to be agreed throughout this house that we are all anxious to relieve the province of Quebec of the handicaps under which it labours at the present time. I appreciate that in making this statement there may be some in this house, though I hope not, who will answer it with school-boy, smart-aleck expressions and wisecracks of one kind or another. If that sort of thing is attributed to myself I shall treat it with the silence and contempt it deserves, because in opening my remarks I put on record, lest there be any doubt about it anywhere or at any time, that this was my view, my hope and my conviction.

I should like to join with the Minister of Fisheries (Mr. Bridges) in complimenting this house on the high plane and high quality of this debate. May I just add that my difference with the resolution is solely a matter of method. I am firmly convinced that we should not lightly contemplate—and I do not use that expression lightly, if I may repeat the word—changes in our constitution. To me, and I think to all who have grown up under it, the constitution is almost a sacred thing. It is that by which we have lived. It is that by which we have known our individual positions, our party positions and all other positions in the government of this country; and, more than the government, in the economic life of this country. My criticism is as to the matter of method. I may be wrong, but my legal view is that it was a contract made between three people, in which six people later joined. The dominion government was a creature of their making, and it could come into existence only by their agreeing that it should be so made. I do not like poetry much, but a few moments ago I was sitting in my room and the only thing I could think of was something said by Aytoun in one of his poems. Hon. members may laugh; they may not think it apropos, but these words occurred to me:

> Sirs! I charge you, keep it holy;
> Keep it as a sacred thing,
> For the stain ye see upon it
> Was the life-blood of your king!

I hope no one will doubt my sincerity, though I may have gone far afield; I hope no one will laugh at my idea that irrespective of what we have done in the past, when the interest may not have been taken in these matters, we are told that now we are a nation. But let us be a nation within the law. Let this parliament not concern itself for the moment with how many members there should be in this House of Commons, though repeating that Quebec still suffers. Is not the task which now commands our attention that of joining parties to find a proper method for the amendment of our constitution?

Let me say this word in closing. May we not all join in saying this. We are all seeking the same thing; we differ only as to method. We on this side fear that if this method is adopted it may open the door to certain things which many of my hon. friends on the other side would not care to see happen. I am not suggesting that the matter be deferred for any length of time, but I am suggesting that perhaps a reference as to our legal position might be worth while. In saying that—and I speak for my party—I am suggesting only a reference to the Supreme Court

of Canada as to what is our position. I am bound to take issue with the parliamentary assistant to the Minister of Veterans Affairs (Mr. Tucker) in this. The hon. gentleman had a good deal to say about some other country amending our constitution, and he did not want any other person as an arbiter between the dominion and the provinces. I asked him this simple question: are not the privy council the arbiter now, as they have been for a long time? I am going to say this to the hon. gentleman, because he and I belong to the same profession, though I suggest he adorns it infinitely more than I do. I am in complete agreement with the abandonment of appeals to the privy council except in matters between the provinces and the dominion. I say with the greatest respect to every individual who belongs to the Supreme Court of Canada that they live here, and nowhere else; they associate here even with humble people like myself, back-benchers in an opposition party, and there is no doubt but that those intangible things do affect people. I am only saying to my hon. friend—and I think if he gives some thought to it he will agree with me—let us be through with appeals to the privy council. But in constitutional matters only, as between provinces and the dominion, let it continue. We want an outside referee.

The Minister of Labour has been seeking an independent chairman for a long, long time. So I say this: I disagree with him only in that little particular—and I know what I am saying is unpopular with my profession. But for the good of this country, and for the preservation of provincial and dominion rights I insist that that be carried on.

I close with this one word, that I trust the Minister of Justice will answer frankly the question I put to him a minute ago. I trust that no infinitely smarter lawyer than I am—and there are many on the other side—will grasp at some phrase, word or sentence which I have used, but that this House of Commons will treat it with consideration, particularly my French compatriots when I mention section 133. Even though you defeat the amendment, what is more important still is that you will believe that those of us over here, as we believe with respect to you over there, have only one high purpose and one high principle at heart, and that is the good of this Dominion of Canada.

Right Hon. L. S. ST. LAURENT (Minister of Justice): Mr. Speaker, I had not intended to speak at this stage in the debate. But in view of the earnest question put to me by the hon. member for Calgary West (Mr. Smith) I think I should make an immediate reply.

However, before making that reply, I believe there are a few observations I should make upon the amendment moved by the hon. member for Lake Centre (Mr. Diefenbaker). I do not propose to discuss any more than he did the abstract question as to whether or not confederation is to be regarded as a compact, a treaty, or a contract. I think that discussion turns upon the meaning one gives to those words. There was no doubt a solemn agreement reached on some definite principles by those individuals who, in fact, purported to represent and to act for the two major groups of the population then inhabiting the lands which are now the territory of Canada, and that agreement is one we, their descendants, are in honour bound to respect; but there was no operative contract or treaty between free and autonomous states capable of making the kind of contract or treaty which would, by its own operative force, bring into effect a new federal state, as a creature of their joint agreement. That is where I differ sharply from the hon. member for Calgary West.

There was only one government at that time for Lower Canada and Upper Canada which comprised by far the larger portion of the two contending elements of the population, and that was a colonial government exercising delegated power to make laws, with the advice and consent of the legislative council and the legislative assembly, which laws, when assented to by Her Majesty or in her name, were to be valid and binding by virtue of the express enactment of the imperial parliament.

The original constitution of 1791, which was only partly repealed by the Act of Union of 1840, expressly stated that there would be set up legislative councils and legislative assemblies for Upper Canada and for Lower Canada, and that in each of the said provinces respectively—

> . . . His Majesty, his heirs and successors, shall have power during the continuance of this act, by and with the advice and consent of the legislative council and assembly of such provinces respectively, to make laws for the peace, welfare and good government thereof, such laws not being repugnant to this act; and that all such laws, being passed by the legislative council and assembly of either of the said provinces respectively, and assented to by His Majesty, his heirs or successors, or assented to in His Majesty's name . . .

And so on.

> . . . shall be, and the same are hereby declared to be, by virtue of, and under this act, valid

and binding, to all intents and purposes whatever, within the province in which the same shall have been so passed.

The Act of Union of 1840 provided:

. . . that all such laws being passed by the said legislative council and assembly and assented by Her Majesty, or assented to in Her Majesty's name by the governor of the province of Canada, shall be valid and binding to all intents and purposes within the province of Canada.

That was the nature of the colonial legislature which had this delegated jurisdiction over Upper Canada and Lower Canada, and the two major elements of population were under that one legislature. Those who represented them respectively in the conference of Prince Edward Island, in the conference of Quebec and in the conference at London were the members of the executive council enjoying the confidence of that assembly.

The constitution of Nova Scotia, the constitution of New Brunswick and the constitution of Prince Edward Island were not even in statutory form but resulted merely from the commissions of their respective governors and the instructions to them from the sovereign.

There was an address voted in this house in 1882 requiring copies of the charters and the constitutions granted by the crown to the provinces of Prince Edward Island, New Brunswick and Nova Scotia; and the Secretary of State communicated with the lieutenant governors of these provinces and received under date of December 20, 1882, from the lieutenant governor of Nova Scotia, that province to which reference has been made in this debate as a sovereign state, a letter in which the lieutenant governor said, among other things, as it is found in the sessional papers of 1883, No. 70 at page 7 of the volume:

The constitution of Nova Scotia has always been considered as derived from the terms of the royal commissions to the governors and lieutenant governors, and from the instructions which accompanied the same, moulded from time to time by dispatches from secretaries of state, conveying the will of the sovereign, and by acts of the local legislature, assented to by the crown; the whole to some extent interpreted by uniform usage and custom in the colony.

The situation was the same with respect to New Brunswick and Prince Edward Island.

I suggest, therefore, with great respect that it would be a mistake to try to transfer back to the years which preceded the British North America Act the concepts we have to-day of dominions within the British commonwealth. At that time this concept which has been expressed, in the language of Lord Balfour, as free dominions equal in status with the United Kingdom itself, and master of every aspect of their own affairs, is something which just did not exist. These were colonies exercising delegated powers under the full control of the imperial parliament or the crown advised by its ministers. There is no doubt that the members of those provincial colonial governments rose above the stature of the institutions which could no longer contain them, and they succeeded in founding a Canadian nation. But they had no power to do so by contract or treaty or agreement of their own.

I should like to cite a short passage from an essay on that subject by Professor W. P. M. Kennedy of Toronto university, as follows:

It is impossible to reconstruct those days without emotion: the sordidness of domestic colonial life; the harrowing tragedy of civil war among a kindred people; the thinly veiled neutrality of political opponents; the scarcely restrained clash of religious and racial animosities. They were brave men, those fathers of our country, of the stuff of which nation-builders are made, who in this city, where Wolfe and Montcalm fell as foes, achieved, as Frenchmen and Anglo-Saxons, a deeper and more fruitful victory. There is a note I fain would sound: "We are fast ceasing to be dependencies" . . .

It will be noted that that ends with the words of Sir John A. Macdonald that we would soon in fact cease to be dependencies. In spite of the vision and statesmanlike attitude of those brave men, legally they still were dependencies, but as a result of their labours the British North America Act was passed. Dependencies they were in fact, and the legal theory appears to be that stated by Lord Haldane in an Australian case in 1913 reported in 1914 Appeal Cases at page 237. Speaking of the Canadian constitution, he said:

Of the Canadian constitution the true view appears, therefore, to be that, although it was founded on the Quebec resolutions and so must be accepted as treaty of union among these provinces, yet when once enacted by the imperial parliament it constituted a fresh departure, and established anew dominion and provincial governments with defined powers and duties both derived from the act of the imperial parliament which was their legal source.

Mr. SMITH (Calgary West): Would the minister permit a question which I am asking only that I may understand? Is his argument that because the authority of the colonies was delegated from the master source, therefore it could not mean anything without affirmation of the master source of that power? Do I get him correctly?

Mr. ST. LAURENT: No. The argument I am trying to make is that it would be entirely wrong to believe that in 1867 there was set up by a voluntary act of autonomous pre-existing states a union which derived its existence and its powers from those who made the agreement.

Mr. SMITH (Calgary West): Your criticism is that because they did not have power of

their own, they all had delegated powers and therefore were not able to unite without the higher powers agreeing?

Mr. ST. LAURENT: No, my argument is that at that time there were not in existence autonomous states and they did not have powers which they could transfer to the central power. The central power does not derive its existence and its authority from the provinces and it does not need to go back to the provinces in order to say what Canada shall be in the future.

Mr. SMITH (Calgary West): Surely the only limitation was that they were acting under delegated power.

Some hon. MEMBERS: Order.

Mr. SPEAKER: Order.

Mr. ST. LAURENT: I did not interrupt the hon. member. I would appreciate it if he did not interrupt me so that I might develop my argument to its conclusion without taking up too much time. That conclusion will include a specific answer to the question the hon. member asked.

Mr. SMITH (Calgary West): May I apologize? I thought I was saving time but apparently I was not.

Mr. ST. LAURENT: There was a treaty of union, but the Quebec resolutions did not constitute a treaty. Those resolutions were merely the occasion for the adoption of a statute by the imperial parliament which had full authority and control over its colonies. I should like to refer hon. members to Pope's "Confederation Documents." At page 121 they will find a report of what took place on December 14, 1866, when Mr. McCully spoke as follows:

> Mr. McCully—We have adopted the Quebec scheme as the backbone, but I think we are here to bring our judgment and maturer reflections to bear upon it. We are tied down to nothing, but should not depart unnecessarily from the Quebec scheme. I will act with the majority of the conference, although contrary to my own opinion.
>
> Mr. Macdonald—The Maritime delegates are differently situated from us. Our legislature passed an address to the queen praying for an act of union, on the basis of the Quebec resolutions. We replied to inquiries in our last session of parliament that we did not feel at liberty ourselves to vary those resolutions. It is quite understood in Canada, though never reduced to writing, that if any serious objection should be made by the maritime provinces, we should be prepared to listen and consider.

That was the stated attitude. There had been addresses voted by the legislatures of Upper and Lower Canada which represented the two major elements of the population, but the London conference departed in substantial degree from the resolutions that had been adopted in Quebec, and the statute which was finally adopted departed in many specific degrees from the resolutions of the London conference. I am still using Pope's "Confederation Documents." In the Quebec resolutions, No. 23:

> The legislature of each province shall divide such province into the proper number of constituencies and define the boundaries of each of them.

Mr. MacNICOL: That is, the legislature?

Mr. ST. LAURENT: That is Quebec resolution No. 23.

Mr. MacNICOL: But it is the legislature that would do it?

Mr. ST. LAURENT: Yes.

Mr. MacNICOL: It is the same method as they have in the United States.

Mr. ST. LAURENT: No. 24.

> The local legislature of each province may from time to time alter the electoral districts for the purpose of representation in the House of Commons, and distribute the representatives to which the province is entitled in any manner such legislature may think fit.

No. 24 was just dropped, and instead of it there was drafted the section which is in the bill; that it is the parliament of Canada which will from time to time make the redistribution of the territories to be represented by members in this house of parliament.

Mr. SMITH (Calgary West): What section is that?

Mr. ST. LAURENT: The section of the British North America Act is No. 51:

> . . . shall be readjusted by such authority, in such manner, and from such time, as the parliament of Canada from time to time provides . . .

What became the conditions of section 51 is to be found in resolutions 19, 20 and 21. There is clearly set out a provision, a scheme which would be a firm basis for the argument made by the hon. member for Stanstead (Mr. Hackett). The resolutions clearly showed that whenever there was a diminution of five per cent in the proportion of the popualtion of a province there would be a reduction. But that language was dropped in the bill, and instead of it there was used the language which is now found in section 51 of the act, on which the privy council decided; and I must differ from the hon. member from Stanstead in holding that they decided it—it was not an *obiter dictum*—an argument having been made by the province of Prince Edward Island that there was not a readjustment every time there

was a comparison on a census between the population of a province and the number of the representatives elected from that province in the House of Commons. That was the matter which had to be decided in the Prince Edward Island case, and it was so decided. The suggestion has been made that we might have a reference as to whether under section 52 we could not increase the number of members in this house and bring about a readjustment in proportion to the population.

Mr. HACKETT: Before taking up that question, would it interfere with the minister's argument if I asked him a question?

Mr. ST. LAURENT: Not at all.

Mr. HACKETT: I ask him if he is aware that Mr. Newcombe, who represented the dominion in the privy council and in the supreme court, said, when he was asked by the bench to consider this argument, "I don't think that what I am about to say has anything to do with the case"?

Mr. ST. LAURENT: That is in the New Brunswick case, is it not?

Mr. HACKETT: No; that is in the Prince Edward Island case, and it is found at page 653. He is referring specifically to the point which I have submitted to the house was *obiter dicta.*

Mr. ST. LAURENT: In the New Brunswick case Mr. Justice Sedgewick said, at page 548 of the same volume which my learned friend has in his hand, that this subsection 4—

> . . . is a great protection to the representation of the decreasing provinces, because there must be a decrease of more than one-twentieth during the ten years. It may be a little smaller decrease than the one-twentieth for the ten years, and the result may be that not a single one may be left in the province after a time, and still they would be entitled to their full representation.

That was in the course of the argument. In delivering the judgment, Mr. Justice Mills said, at page 584:

> If the population of a province bore to the aggregate population of Canada a less proportion by one-twentieth than it did by the previous census, its representation was to be diminished.

If hon. members will turn to page 593 they will find that that judgment was concurred in by Mr. Justice Taschereau, Mr. Justice Sedgewick and Mr. Justice Armour, and they will find that it was confirmed by the privy council.

I toyed with the idea and with the arguments which were submitted to this house in such an interesting fashion by the hon. member for Stanstead, precisely for the purpose of suggesting to the law officers of the department that it might well be worth while to have a reference to the supreme court on that score. I was turned down cold, and convinced by them that I could not get anywhere with that suggestion; and it is because of that that I agreed with my colleagues on the procedure which is now before this house.

Mr. SMITH (Calgary West): Even deputy ministers have precedents.

Mr. ST. LAURENT: Well, the deputy minister who expressed that view left a lasting mark upon the rulings of the Department of Justice.

Mr. SMITH (Calgary West): Agreed.

Mr. ST. LAURENT: He became later Mr. Justice Newcombe. None of his successors has found it necessary to depart from the rulings which were made under the one who became later Mr. Justice Newcombe.

Mr. HACKETT: He was the very gentleman, though, who said that the argument was irrelevant to the issue.

Mr. ST. LAURENT: Whether he said it or not, the privy council said otherwise, and said that it rendered its decision because of its construction of the subsection of 51; and I was convinced that we could not get around that through any other method than by an amendment. The fact that the language of this section 51 was changed in London shows that the delegates there did not regard that as a matter of treaty, because if they were bound by the treaty which was expressed in the Quebec resolutions, John A. Macdonald and George Etienne Cartier, as they then were, in London, representing the two major elements of the population, are not, from my reading of their biographies, the kind of men who would have violated the treaty or concurred in its violation by the language put into the act. There was, among other reasons which had induced them to search for a workable constitution for the nation they had envisaged, that very problem of proportionate representation. Every hon. member knows that was the very thing which started the movement for confederation—the deadlock that occurred in the parliament of the Canadas because of the equality of representation of Upper and Lower Canada, though there was substantial inequality in the populations of the two sections. If hon. gentlemen who are interested will look at Mr. O'Connor's report to the senate in 1939 on the British North America Act, in the fourth annex, at page 67, they will find a lengthy tabulation of the substantial differences between the Quebec resolutions and the London resolutions and between the London resolutions and the Brit-

ish North America Act. They cover several pages. I shall not take the time of hon. members to read them into the record, for they are in this public document which is available to anyone in the library of parliament. That is the story of how the act came to be passed. It was not an act which, as suggested this afternoon by the hon. member for Calgary West, ratified an agreement. It was an act which contained something substantially different from the resolutions which were the occasion for the legislation.

Mr. SMITH (Calgary West): Is that not an attribute of draftsmanship?

Mr. ST. LAURENT: Then there is nothing more than draftsmanship in what is being proposed to this house at this time. The principle that was agreed upon was that the people of the provinces would be represented in the central parliament in proportion to their population; clauses were drawn which experience has shown do not bring that about, and we are attempting to redraft the document so that it will, in fact, carry out what was agreed upon in substance.

Let us see what occurred after the passing of the statute. I shall not take very long to deal with it. Many hon. members, among others, the Minister of Fisheries (Mr. Bridges), have shown what was done in 1869 and what was done in 1871, when this very restriction than which nothing could be more foreign to the concept of John A. Macdonald was moved in the first parliament of the Canadian nation and turned down flat. Eighty years afterwards it is raised—I will not impute motives—in a form which would have the effect of destroying the concept of the Canadian nation and making the national parliament the mere creature or delegate of sovereign provincial states who would exercise their superintendence over its attempts to keep in step with the progress of Canada as a national entity.

This is something which is raising great objections, but how many times has it been done? In 1868 an act was passed for the admission of Rupert's land. In 1871 an amendment was passed to make sure that the new province could be established. In 1875 there was amendment to section 18 of the act. In 1886 there was an amendment with respect to representation. All these were done under administrations directed by the leaders of the party of which the Progressive Conservative party pretends now to be the heir, and for none of these amendments was the consent of the provinces sought.

In 1907 there was an increase in subsidies. That was discussed with the provinces, and one of them dissented vigorously from the suggestions that were agreed to by the others, but notwithstanding its dissent the addresses were voted by both houses of parliament and the amendment was made.

Some hon. members have said that what was done in 1915 had all been gone into and agreed to by the provinces, but I happen to have referred to the sessional papers which contained the report of what took place at the provincial conference of 1913. It was just an interprovincial conference without the federal government being represented. In sessional paper 119, of 1914, printed in volume 28 of sessional papers, at page 5, we find the following:

> On the debate respecting representation of the provinces in the House of Commons, it was moved by the Hon. Mr. Fleming, seconded by the Hon. Mr. Matheson, that in the opinion of this conference the representation granted to the maritime provinces at the time they entered confederation should be restored and rendered irreducible.
>
> This motion was withdrawn . . .
>
> It was moved by Hon. Mr. Fleming, seconded by Hon. Mr. Matheson:
>
> That this conference would favour and request that an amendment be sought to the British North America Act providing an irreducible minimum in the representation of the maritime provinces, and that the irreducible number of representatives be as follows: for Nova Scotia, eighteen; for New Brunswick, thirteen; and for Prince Edward Island, six.
>
> This motion was withdrawn . . .
>
> It was then moved by Hon. Mr. Matheson, seconded by Hon. Mr. Fleming:
>
> That this conference having heard and considered the special claim of Prince Edward Island for the restoration to that province of its original six members in the House of Commons as a minimum, deems that it should receive the favourable consideration of the government and parliament of Canada.
>
> A debate having arisen thereon, it was
>
> Resolved,—That this conference expresses the opinion that, not representing the provinces for the purposes of this matter of representation, it declines to take any action in regard to it.

That was all. I tried to get the debates which had also been produced as a part of the return, sessional paper 119A, which had not been ordered to be printed, but unfortunately it was one of the papers destroyed in the fire of 1916.

That being the situation, the provinces having said, "We are not going to take any responsibility with respect to that", the government of Sir Robert Borden introduced a motion for an address which was passed by the Commons and by the Senate for an amendment to the British North America Act. It is curious to note that it came up in the last days of the session. The Senate sought to amend the address by adding a provision that the amendment would not take effect during the life of the then existing parliament. The House of Commons refused to concur in that amendment; the Senate persisted in its amendment, and the matter was not further

dealt with. The amendment was made, but it does not recite that it was made on a joint address of the houses of parliament. The amendment which was made contained the reservation which the senate wished to have in the address. Apparently at that time the facts were disclosed, and it was made clear to the parliament of the United Kingdom that the houses of parliament were agreed on having an amendment made which affected the representation in a manner which everyone now sees is proper, and which protected the representation of the maritime provinces. That was made, with the provinces saying that it was none of their business and they would not take responsibility with respect to it.

In 1916 the life of parliament was extended for a year, and to do that there had to be an amendment to the British North America Act. There was no suggestion that the consent of the provinces should be sought or obtained. In 1930 agreements were made with the western provinces for the return of their natural resources to them, and there was no suggestion that the other provinces should be consulted. In 1940 there was a proposal to amend the British North America Act by taking from section 92 something which was under the jurisdiction of the provincial legislatures. For that purpose the consent of the provincial legislatures was sought and obtained and an amendment made. But in 1943 hon. members belonging to the party opposite—I do not know whether it was then the Progressive Conservative party, but the party of which they pretend to be the continuators—accepted without any whimper the suggestion that redistribution should be postponed until after the war without there being any suggestion of consulting the provinces, and though it was known that there had been some objection, at least from Quebec.

I submit again that the statute apportioned the sovereignity to parliament for certain purposes and to the legislatures for other purposes, and what is assigned to the legislatures is in no wise under the jurisdiction of this parliament and cannot be touched without the consent of those who have jurisdiction over it. But what is within the powers of this parliament, this parliament can deal with without requesting the consent, or submitting to the superintendence of any provincial legislature. Here arises the question which was put to me by the hon. member for Calgary West: What about section 133?

Mr. SPEAKER: Order. I am sorry to interrupt the right hon. gentleman, but he has spoken for forty minutes.

Some hon. MEMBERS: Go ahead.

Mr. SPEAKER: The right hon. gentleman having the unanimous consent of the house, he may continue.

Mr. ST. LAURENT: I am sorry I have taken more than forty minutes and I did not intend to do so, but there is that question which was asked by the hon. member for Calgary West. The hon. gentleman asked, what about section 133, which provides:

> Either the English or the French language may be used by any person in the debates of the houses of parliament of Canada and of the houses of the legislature of Quebec; and both those languages shall be used in the respective records and journals of those houses; and either of those languages may be used by any person or in any pleading or process in or issuing from any court of Canada established under this act, and in or from all or any of the courts of Quebec.

Can that be dealt with without the consent of the provincial legislatures? Legally I say it can. The situation appears to me to be this. There are persons and nations who reach a high estate in the affairs of men, and the high estate they reach imposes upon them high obligations. There was no obligation on the Tribune Festus to say to King Agrippa that he could not deliver Paul to the Jews when they requested that he be put to death. It occurs to one, however, that they also had reached a high estate, which imposes a corresponding obligation. I copied out of the bible on the table of this house, from the Acts, the quite natural statement of Festus:

> It is not the manner of the Romans to deliver any man to die, before that he which is accused have the accusers face to face, and have licence to answer for himself concerning the crime laid against him.

There was no statute; there was no law which required that this be done; but there was the concept in the Roman conscience that it was the proper thing to do. This country has now been under British institutions for 187 years. Only twice in that period have things been done, under the pressure of the circumstances then existing, of which we of French origin in my province could legitimately complain, and we did not have to complain long. After the treaty of Paris, a clumsy attempt was made to substitute the common law for what was the law of the French population of the lands which had come under the British crown; but immediately the law officers of the crown reported that that was something against the law of nations, and in 1774 it was corrected, and has remained corrected for all time.

After the troubled events of 1837, there was a suspension of the constitution and the creation of one parliament, and a clause was put in at that time providing that only the English language would be official in that parliament. But that lasted for only a very short time, and I feel—and I believe my fellow Canadians of my race and my religion can feel—that a better guarantee than anything that might be found in section 133 is to be found in that respect, for those who have been formed under the principles of British freedom and British fair play, to protect what are our essential rights.

It is not the manner of those who have themselves had, and whose ancestors have had, the formation that comes from that long history which has brought us to this point in the civilization of mankind, to do things which the conscience of humanity at large would regard as dishonourable; and the conscience of humanity at large would frown upon an assemblage in this house that attempted to take from me and from those of my race the right to speak the language I learned in my infancy as one of the official languages in which the deliberations of this house may be carried on. So it is of everything else that is not within section 92. If it is fair; if it is just; if it is proper according to the standards of human decency, it will be done, if it is unfair; if it is unjust; if it is improper, all members of this house will say, "It is not our manner to do such things."

Mr. DONALD M. FLEMING (Eglinton): Mr. Speaker, I appreciate that at this stage of the debate it would not be proper to do more than touch on what one conceives to be the essential issue presented by the amendment before the house. I do not propose to review in detail the many matters that have been touched upon in this debate during which so much learning concerning Canadian constitutional history and Canadian constitutional law has been displayed. In passing, however, I offer the observation that I think many of the supporters of the government resolution, when their observations are reviewed with more detachment than has been evident in this debate thus far, will find that they have made some extreme statements which may prove embarrassing in times to come. Some of the supporters of the government resolution have made sweeping and general statements which I contend are not supportable in the light of constitutional practice and usage in this country.

It is unfortunate that the procedure in connection with a resolution of this kind, unlike that in connection with a bill, does not afford an opportunity to distinguish in debate between principle on the one hand and method and detail on the other. Therefore one must treat a question like this on balance. What is the essential principle involved in the resolution presented by the government and the principle of the amendment offered by the hon. member for Lake Centre (Mr. Diefenbaker) on behalf of the Progressive Conservative party? On the one hand, we have the government resolution offered as an attempt to eliminate an injustice which exists at the present time in the distribution of seats and which admittedly weighs most heavily on the province of Quebec because of the operation of subsection 4 of section 51 of the British North America Act. On the other hand, we see this principle involved: that to remedy that admitted injustice the government has resorted to a method which is fundamentally unsound and highly dangerous in its implications; that is to say, to proceed with a far-reaching amendment of the British North America Act without the slightest attempt at consultation with the provincial governments concerned.

In the beginning may I clarify one or two points to make quite clear my point of view in reference to the way in which subsection 4 of section 51 is operating at the present time. I say at once that it surprised me that many hon. members supporting the government resolution found it necessary to offer to the house laboured arguments to establish that the principle inherent in the British North America Act, with certain exceptions relating to the maritime provinces, was representation by population. Of course that is the principle. That is the foundation. When the fathers of confederation set about drafting the resolutions which eventually took legislative form in the British North America Act they were faced with two principles which had to be harmonized in some way or another. The first was the federal principle, the fact that certain states were going into confederation; and, second, that the citizens of those various states were to become common citizens of a new state or dominion. To harmonize those two principles they gave, through the Senate, certain recognition to the federal principle, by giving regional representation, a principle which is still to be found in the representation in the Senate to-day; while in the distribution of seats in the House of Commons they gave full effect to the principle of representation by population, with a qualification in the case of the maritime provinces which took fuller effect in the amendment to section 51 in 1915.

Let us be quite clear. It has been understood by all of us, I think, in the references that have been made to speeches in this house on earlier occasions, that no one has been quite able to understand how subsection 4 came to be introduced, except that, as Mr. Bennett said in one debate, apparently it was introduced for the purpose of protecting the rights of the maritime provinces.

There is the principle. It is representation by population, and at the present time it is not working out adequately, so that admittedly a way must be found to remedy the injustice under which the province of Quebec is suffering at the present time. We on this side of the house are just as anxious as any on the government side to see that injustice remedied at once. But we say that on balance the method by which the government in this resolution proposes to seek to remedy that injustice is unsound, and that on balance it is not such a resolution as ought to be supported until it has been first submitted to the provinces for their views.

No occasion arises in this debate for an attempt—and I saw traces of it in the remarks of one or two speakers—to try to set Ontario against Quebec or Quebec against Ontario. There is no occasion whatever for an attempt of that kind in this debate.

We on this side of the house say, in the first place, that this question is urgent, that it is important, and that it should be the subject of reference to the provinces. We have a dominion-provincial conference still pending, though not actually sitting at the moment, and that is the proper place where this matter should be raised for discussion.

There have been complaints about the necessity of going to Westminster for amendment of the British North America Act. Well, what is the use of complaining? We could have it otherwise if we wished. If there were some way in which agreement could be reached on this side of the water on a method of amending this constitution without reference to the parliament at Westminster, those who would be happiest would not be in this country; they would be the people at Westminster. They would be glad to be relieved of the necessity of passing special statutes from time to time at the request of Canada, to amend its constitution. When hon. members say, as the Minister of Fisheries (Mr. Bridges) said this afternoon, that it was something in the nature of an oversight that some provision was not contained in the British North America Act for its amendment, I think they overlook the fact that this question must have been considered by the fathers of confederation. They had before them the model of the American constitution, which had already been amended in a number of particulars. It was not because that problem was not before them that it was not dealt with in the act. They provided for the amendment of the provincial constitutions under subsection 1 of section 92, and it is perfectly obvious that the reason provision was not made in the British North America Act for the amendment of the constitution in relation to dominion rights is that the fathers of confederation could not go farther on the path of agreement. It is open to this country to have whatever other method it desires of amending its constitution, whenever it can agree on some constitutional method. That is a subject which ought to engage the attention of the dominion-provincial conference. We can have these conferences deal with financial questions; why can we not also have them deal with such important questions as have arisen during the course of this debate?

There were two arguments offered by the Minister of Justice (Mr. St. Laurent), as to which, with respect, I should like to say a word. In the first place, the minister says that the people of the provinces are represented in this parliament. Well, in a vague sense they are. But I want to make it perfectly clear that, speaking for myself, I do not come into this chamber representing a province. I have no mandate from the province of Ontario. I was elected to the parliament of Canada by a constituency in the province of Ontario. The number of seats in the province of Ontario happens to be fixed under the British North America Act in relation to the decennial census of 1931, but I do not claim to speak for the province of Ontario. I doubt very much if any member of this house is entitled to rise and say that he speaks for the province in which his constituency happens to be located. I say that nothing could be more completely divisive of national unity than such arguments. The man who speaks for the province of Quebec in matters affecting the affairs of that province is Premier Duplessis. The man who speaks for Ontario in matters pertaining to the affairs of that province is Premier Drew, and so on. It is not for those who sit in this chamber to usurp that role.

The other point made by the Minister of Justice was that this amendment does not concern the provinces, and that it has to do simply with that field of jurisdiction which, he says, belongs exclusively to the dominion. I take issue respectfully with the right hon. gentleman on that point. I think, if I may say so, he overlooks the fact that under section 51 representation is fixed according to

provinces, and it is stated that the representation of the provinces shall, after each decennial census, be readjusted on a provincial basis.

I said that we do not sit here as representatives of the provinces, but the number of seats is determined according to provinces. I think for that reason alone the provinces have a direct concern in this matter. In any event, I affirm that the provinces have a concern in this matter, first, because of the provisions of section 51; second, because of the pact which, regardless of legalisms, nevertheless is a political fact, embodied in the British North America Act and, third, because of the effect of what we are doing here to-day creating a precedent.

Another point is that the amendment before us is not one of limited or temporary effect. It is not like the amendment of 1943, which merely postponed redistribution until the conclusion of the war. It is not like the amendment of 1916, which simply had the effect of lengthening the life of the existing parliament. The amendment we are now asked to make is intended to have permanent effect; and so I say it is one in which the provinces are entitled to be consulted.

Just a word about the British North America Act itself. It is not, as one might think after listening to the recent speech by the hon. member for Rosetown-Biggar (Mr. Coldwell), the leader of the C.C.F., a statute like any other ordinary statute. This parliament is not above the British North America Act; it is the creature of that act. All the provincial legislatures, like this parliament, are the creatures of the British North America Act, and we had better be more careful when we are invited to put ourselves above the act from which we derive our existence as a parliament. This, I say, is a fundamental statute.

What do we mean when we talk about parliament? Let us consider that, in relation to the suggestion that, without consulting the provinces, parliament should have the right to seek amendment to the act. The fact is that parliament, so called, acts through a majority; and that can be a narrow majority. If we are content to see amendments brought about simply at the direction of parliament, leaving aside the one exception found in section 92 of the British North America Act, mentioned by the Minister of Justice, then in all other cases it will lie within the power of a very narrow majority in the house to bring about amendments to the act.

Ponder what that means— "a narrow majority." It means that it would be legally possible, on the argument of the Minister of Justice, so long as an amendment does not affect section 92, to bring about an amendment to the British North America Act by a majority of one in the house.

In the second place, let us remember that a majority in the house does not necessarily mean a majority in the country. It does not mean such at the present time, because this government was not elected by a majority of the people in the country. Under the method referred to by the Minister of Justice an amendment which might be quite unacceptable to the majority of the people, could be made simply because it happened to have the endorsation of a narrow majority in this chamber.

Let us also remember that apparently hasty decisions are made by parliament from time to time. It is not always possible, on the successive readings of a bill, to have time to think the matter over carefully, and to refrain from hasty and unwise decisions, decisions taken out of caprice or whim. A resolution on the other hand, may be passed rapidly and be on its way to Westminster before the country understands its full significance. Let us bear in mind that the Westminster parliament is not going to take the responsibility of sitting down and hearing representations from the parliament of Canada, and contrary representations from the provincial governments. That was made clear by the parliament at Westminster in 1943, when the government of Quebec made representations to Westminster urging that an amendment sought by this parliament should not be passed. On that occasion the parliament at Westminster was not prepared to take the responsibility of listening to the province, when the amendment had been sought by parliament.

That is a reason we should move slowly in parliament. That is a reason for making very sure that the rights of the provinces are fully safeguarded before any request goes forward from Canada to Westminster for an amendment to the British North America Act. As we were informed by the Minister of Justice, it took just ten days in 1943 from the time the resolution was passed in this chamber until the amendment to the British North America Act was made. Let us not be parties to hasty decisions which will result in rapid amendments to the British North America Act.

I suggest that if ever there was a time which has proven to be more dangerous than any other to embark on amendments to that act, without first fully safeguarding the rights of the provinces, it is this particular time.

There has been in session in this country since last August a dominion-provincial conference, which has been discussing financial agreements. Apparently not one word was breathed by the dominion government to that

conference—one session ended only a month ago—about its intention to introduce the present resolution. Not a word was breathed. Why not? Surely if the dominion-provincial conference is called into being for consultation between the dominion and the provinces on matters of mutual concern, it was reprehensible in the extreme on the part of the dominion government not to discuss this question with the premiers of the various provinces.

What conclusion may we draw to-day? The dominion government is not getting its own way in the dominion-provincial conference. It was most inflexible in its proposals. It was adament. It did some talking down to the provinces; and on the whole those provinces have indicated that they are not the children of the dominion and that they have the right to support a status of their own within the terms of the pact of confederation.

It would seem now that the dominion government is going to attempt to teach those provinces a lesson, and show them that the dominion can go to Westminster and have the British North America Act amended without consultation with the provinces. Is this intended to be a lesson to those provinces that they had better be careful in the way they talk back to the dominion government at the dominion-provincial conference, and that, after all, they have no real and abiding right to what we would call provincial status or provincial rights, if parliament is prepared to act on the dictation of the government and pass quickly a resolution requesting amendment to the British North America Act?

I say that this whole procedure is fraught with serious danger. Whether members in the house argue to the contrary or not, the fact remains that if we pass the resolution and defeat the amendment offered by this party we are creating a precedent. We create the precedent of providing for an amendment to the constitution in an essential particular without first having consultation in any form with the provinces.

It is not enough to say that in times past there was not complete consultation with the provinces. Let us keep our eyes open. If this amendment is defeated and the resolution passes in the form in which it is introduced, we are creating a precedent, a precedent which, I suggest, any dominion government whose purpose is served by it, can put to work to seek other amendments in the future.

Finally, every word that has been uttered by hon. members to your right, Mr. Speaker, every word uttered by the Minister of Justice in his speech to-night and in his speech when opening the debate which referred to the rights he contends parliament has to obtain amendments to the British North America Act, in a particular such as this, without consulting the provinces, is in the teeth of arguments in this house on more than one occasion by the late Sir Wilfrid Laurier and the late Right Hon. Ernest Lapointe. When the Minister of Justice discards completely the compact theory and discards completely the argument that the provinces are entitled to be consulted in the light of the compact to which the British North America Act gave form, he is arguing against the very principles championed in this chamber year in and year out by Sir Wilfrid Laurier and the Right Hon. Ernest Lapointe.

I am not in the least impressed with the jubilant support given to the government's resolution by the hon. member for Rosetown-Biggar, the leader of the C.C.F. He is only too anxious to see power centralized in parliament so that the rights of the provinces may be ridden over roughshod, if necessary, in order to bring about the socialist state he wishes to see created. Confederation is one of the surest guarantees we have in this country against bringing about a completely socialist state. The reason the socialist allies of the government are so vocal in support of a resolution of this kind is that it simply lends momentum to a movement which has progressed so far under the present government and which is daily progressing farther.

There has been a trend toward centralization, a trend toward amassing in the hands of the dominion government more and more power at the expense of the provinces, a trend which started during the war. The same mind that dominated the government in usurping the powers of the provinces in time of war still dominates the dominion government to-day. That same mind now states that they are prepared to disregard the fundamental rights of the provinces under the constitution. The hon. member for Rosetown-Biggar has talked about Balkanizing Canada, but there is no surer way to Balkanize Canada than to ride roughshod over the constitution and the constitutional rights of the provinces.

Why has the dominion government failed to consult the provinces while the dominion-provincial conference has been pending? The only conclusion one can draw is that they wanted to find an easier way, a more direct way of achieving constitutional amendments; they wanted to achieve an easier technique for bringing about constitutional amendments when it suits their purposes. The whole method is fraught with peril for this country and for its federal system of government.

(Translation):

The present resolution presents an adroit political plan on the part of the government to deal with the redistribution of seats in the House of Commons as among the provinces.

On the surface it offers the province of Quebec an increase of eight members in the House of Commons.

An hon. MEMBER: An increase of eight Liberal members.

Mr. FLEMING: British Columbia two members and Ontario one member. What a tempting offer! But let us look further. By what means and at what ultimate cost is this gain to be attained? The resolution proposes an amendment of the British North America Act in a very important particular, namely section 51, which has defined the basis of representation of all provinces in the House of Commons. Nevertheless, not one province has been consulted in regard to the amendment. Not one province has been asked to say whether it approves the proposal or not.

Only one month ago the dominion-provincial conference was in session at Ottawa, attended by the Prime Minister of Canada, the Minister of Justice, several other cabinet ministers and the premiers of all the provinces. Nevertheless, not one word was breathed at that conference by the dominion government as to its intention to present this resolution to parliament.

Now the Minister of Justice says that there is no need to consult the provinces. He contends that as long as an amendment of the constitution does not involve matters allocated in the British North America Act to the provincial jurisdiction, such as property and civil rights under section 92 of the act, the provinces have no right to be consulted by parliament. This is dangerous doctrine. Its full significance should be clearly understood. If parliament can bring about an amendment of section 51 of the constitution without consulting the provinces, it can also bring about without consulting the provinces amendments of other sections of the British North America Act. How long will the rights of minorities which are now guaranteed by the constitution be safe if this doctrine, expounded by the Minister of Justice, prevails? It would mean that a narrow majority in parliament could, if it wished, bring about an amendment of section 133 of the British North America Act, and thereby eliminate the use of the French language in parliament—all without consulting the provinces. Let us then be on our guard against creating so dangerous a precedent. The proposed increase in the number of members of parliament would be gained at too high a cost if it is to be acquired on that basis.

The British North America Act is not an ordinary statute to be amended at the whim of parliament. It is our national constitution; it contains the pact entered into by the old provinces at the time of confederation, binding the dominion and each province; and it is the great charter of the rights of minorities, particularly of those of the French tongue and culture. Let no bold hand be lightly laid on this constitution to overturn its provisions without consultation with the provinces.

The present government has departed far from the views championed by the late Sir Wilfrid Laurier and the late Right Hon. Ernest Lapointe in this chamber.

The Right Hon. Sir Wilfrid Laurier, on January 28, 1907, said in this house, as reported in *Hansard*, page 2199, volume II:

Confederation is a compact, made originally by four provinces, but adhered to by all the nine provinces who have entered it, and I submit to the judgment of this house and to the best consideration of its members, that this compact should not be lightly altered. It should be altered only for adequate cause, and after the provinces themselves have had an opportunity to pass judgment on the same. My hon. friend from York, N.B. (Mr. Crocket) stated in the course of his argument that we have announced in the speech from the throne that we are going to ask parliament to alter the financial terms of confederation. That is very true; but my hon. friend should know that we did not come to that conclusion except after conference with the provinces and after all the provincial governments had united in a prayer for the same.

And, in 1924, the Right Hon. Ernest Lapointe said in this house, as reported on page 520 of *Hansard:*

The British North America Act and the limitations which are imposed upon our powers, if there are such limitations, are made of our own free will. There is no inferiority in that. It is the result of a treaty as my hon. friend from Lotbinière (Mr. Vien) said. It is a treaty between various colonies which entered into an agreement. They fixed what the powers of the central parliament should be, and they also fixed what the powers of the various provinces which succeeded the colonies of that time would be, and this was ratified and accepted by the imperial parliament of the time. Everything we have or have not is because we wanted it so. Now this treaty cannot be changed, it has been the contention of many constitutional authorities. and I think it is only fair that no change should be accepted, without the consent of all those who were parties to it. It is a sacred treaty just as is any other treaty; it is no "scrap of paper."

Mr. MICHAUD: Hear, hear.

Mr. FLEMING: And in 1925, page 300 of *Hansard*, the Right Hon. Ernest Lapointe is reported as follows:

Surely, the British North America Act cannot be made a scrap of paper, as that treaty was made at that time. There is a way, perhaps, yes; but the only way is the friendly way, is the legal way, is the constitutional way. It is to approach the various parties to the agreement with a view to arriving at an understanding as to the changes which may be necessary and which may be agreed upon by all the parties to the pact. As I have said, I do not think there could be any other way; I believe that any arbitrary action in the matter would simply defeat its own purpose and would strike at the root of our national unity. I think I cite history correctly when I say that every time there has been a dispute in Canada as regards provincial rights, those who were on the side of provincial rights were victorious in the end. I do not think there can be any attempt to change the mutual charter of both the dominion and the provinces by the arbitrary action of this parliament. I do not think it is possible to do it. To those who want changes, and I am willing to admit that there might be the necessity for changes, I would say that the ony way to get them is the constitutional way, to ask the consent of the various parties to confederation. Mr. Speaker, after sixty years of confederation I think we may safely say that notwithstanding the great obstacles which were in their way the fathers of confederation who gathered in 1865 did a great work; I think we may boldly say after sixty years that their work has been a very satisfactory one. It was not perfect; there is no perfection in human devices, but certainly they did the best they could.

As I have said, I would not like to leave the impression that my own view is that no changes should be made at any time, or that no changes are possible.

And further on:

I am not one of those who are riveted to the past and who are prepared to deny to our children the liberty of the future, but those changes the necessity for which may be seen as a result of our experience of sixty years cannot be made unless you proceed in a legal and constitutional way; they cannot be made arbitrarily; they cannot be made only at the will and at the request of the dominion parliament; but those who are just as much interested as the dominion parliament in this matter must have their say, must be consulted, and must give their assent.

And finally, the Right Hon. Ernest Lapointe, speaking on section 51 of the British North America Act made the following statement in this house during the 1932-33 session, as reported at page 1593 of *Hansard*:

A suggestion was made that in order to equalize with Ontario, the number of representatives from Quebec should be increased. I do not think that would be a fair way of settling it. I believe the representation of Quebec should remain at 65, as fixed by the British North America Act, but that subsection 4 of section 51 should disappear. Then we would have a real representation by population.

The right hon. gentleman opposite has stated that before parliament meets again at the end of January there will be an interprovincial conference. There are certain changes in our constitution and with regard to taxation which seem desirable. I submit the Prime Minister should place this matter before the premiers from the various provinces. If that were done I believe they would come to the conclusion that subsection 4, which certainly works unfairly, ought to be repealed.

The voices of the great Laurier and Lapointe are stilled. Their wise words are no longer heeded by this government. The cause which they championed has been renounced by those who lead the Liberal party in this house to-day.

On the other hand, the Progressive Conservative party subscribes to these views so eloquently championed by Sir Wilfrid Laurier and the Right Hon. Ernest Lapointe, and takes issue with the present Minister of Justice and the government. The Progressive Conservative party declares that the provinces should be consulted before this, or any other amendment as far-reaching in its effects and implications, is sought by parliament in the constitution. In this important question the Progressive Conservative party is willing to abide by the results of consultation with the provinces.

Mr. EDOUARD RINFRET (Outremont) (Text): We have before us a resolution the express effect of which will be a more equitable apportionment of members of parliament between the various provinces. Everyone in this house seems to be satisfied with the merits of the resolution, but some hon. members are critical of the method proposed to be adopted to achieve what seems to be a common goal. We have heard criticism to the effect that the desired result could be obtained without the necessity of applying to the imperial parliament. We have been criticized both in and outside this house because we have not consulted and we do not intend to consult and have the authorization or consent of the provinces. It is my intention, Mr. Speaker, to consider and analyse these two contentions and to try to show that they are far from conclusive, as was claimed, and that they should be put aside.

When I listened to the learned and strong exposé of his case made by the hon. member for Stanstead (Mr. Hackett) I was really and genuinely impressed by his logic and I was tempted to agree with him completely; but upon a more careful study of the question and upon a more lengthy scrutiny of the decisions of the Supreme Court and of the Judicial Committee of the Privy Council on the New Brunswick, Nova Scotia and Prince Edward Island references, I have come to the conclusion that his argument could not possibly

be sustained and that the course followed by the present government was the only adequate one to cope with the situation.

In his exposé of the decisions on the two references the hon. member for Stanstead contended that the courts had not been seized of the question covered by the third considerant of the resolution before us. With that part of his contention I am in accord. The two questions put to the learned judges did not directly cover the matter at issue in the present debate. I shall read them from Canadian Reports, 13 Appeal Cases, page 343:

> In determining the number of representatives in the House of Commons to which Nova Scotia and New Brunswick are respectively entitled after each decennial census, should the words "aggregate population of Canada" in subparagraph 4 of section 51 of the British North America Act be construed as meaning the population of the four original provinces of Canada, or as meaning the whole population of Canada including that of provinces which had been admitted to the confederation subsequent to the passage of the British North America Act?

And the other one, at page 342:

> Although the population of Prince Edward Island as ascertained at the census of 1901, if divided by the unit of representation ascertained by dividing the number of sixty-five into the population of Quebec, is not sufficient to give six members in the House of Commons of Canada to that province, is the representation of Prince Edward Island in the House of Commons liable, under the British North America Act and amendments thereto and the terms of union of 1873 under which that province entered confederation, to be reduced below six, the number granted to that province by the said terms of union of 1873?

I said that it did not directly refer to the specific question. Everyone will have noticed that in both the New Brunswick and Prince Edward Island references there is an implied directive for the consideration of the whole of subsection 4 of section 51.

By reading such subsection and by comparing it with the above two orders of reference, one cannot but conclude that, in order to decide whether Prince Edward Island's representation in the House of Commons should be reduced below six, as a consequence of the operation of section 51 of the British North America Act, it is absolutely necessary to consider the terms of the whole subsection 4 thereof.

I was struck by the argument of the hon. member for Stanstead when he said that this question had not been discussed except by Mr. Newcombe, acting as counsel for the federal government, and then only occasionally, as a casual answer to a question put to him by one of the judges. I found, however, that all or practically all the counsels representing the central government and the governments of the various provinces argued the question of readjustment in a more or less elaborate manner.

Mr. Irving, representing Ontario in the New Brunswick reference, touched upon it in his argument, as appears from the report of the case to be found in 33 Canada Supreme Court Reports, at page 479. Mr. Pugsley, counsel for New Brunswick, explains the workings of the "saving clause" after a question of Mr. Justice Sedgewick at pages 500 and 501 of the same report. He asserted that this saving clause was "no safeguard at all, if every ten years you can bring in a new province from the vast territories of the northwest, the whole population of which is to be counted against you." Mr. E. M. Macdonald, for Nova Scotia, just mentioned the "saving clause" at page 511. Mr. Fitzpatrick, for the Dominion of Canada, gave a lengthy illustration of its practical application to Ontario, Nova Scotia and New Brunswick. His figures, which strangely resemble those of the hon. member for Stanstead, are to be found at pages 527 and 528 of the report. It is to be noted here that the comparison is established between 1891 and 1901, a ten-year period. Again, at page 543, Mr. Fitzpatrick insists that a readjustment is to take place on the completion of each census, which under section 51 is to be held every ten years. Mr. Cannon, for the province of Quebec, says, at page 560:

> Now, representation by population being the accepted principle in the British North America Act, section 51 goes on to state how this representation by population will be readjusted. This readjustment is to take place under section 51 every ten years, after each decennial census, and subsections 1 and 2 fix the unit of representation under which the redistribution shall take place.

Is it any wonder, then, that Mr. Justice Girouard should, in his reasons, at page 578, conclude that:

> . . . the provision (of section 51) was intended to cover the cases of all the provinces for which the previous section had provided that there should be a decennial census . . .

Is it extraordinary that Mr. Justice Mills should have expressed himself in this manner, at page 584:

> It was agreed that the census should be taken every ten years, beginning with the year 1871, and the number of representatives mentioned, with which a province entered the union, was to continue to be the number by which it was entitled to be represented in the Commons of Canada until its population was ascertained by the taking of the census, after which a readjustment was to be effected, if this was found necessary. If the population of a province bore to the aggregate population of Canada a less proportion by one-twentieth than it did by the previous census its representation was to be diminished, but if the relative diminution was

less than one-twentieth it was not thought desirable to necessitate the disturbance of these electoral districts by requiring readjustment.

It is also interesting to note that the three other judges, Judges Taschereau, Sedgewick and Armour, concurred in the opinion of Mr. Justice Mills.

To turn now to the Prince Edward Island reference, Mr. Newcombe says, at page 653 of the same report:

Now if you consider a case happening at the end of each decade where the diminution is the twenty-first part or upwards of the one-twentieth part, you see that there is a check in the process every ten years, and the province starts over again, and you cannot go back to the beginning for the purpose of considering the proportion. Therefore it may be that a province will have a very much larger representation ultimately in the House of Commons than its population would entitle it to having regard to the unit of the population of the province of Quebec, because if it can barely avoid during each ten years the proportionate reduction of one-twentieth part, it gets a new proportion established . . .

Mr. HACKETT: Would the hon. gentleman permit a question?

Mr. RINFRET: With pleasure.

Mr. HACKETT: Does he agree that Mr. Newcombe, in submitting that argument, stated that it was irrelevant and could have no bearing upon the case?

Mr. RINFRET: Yes; and then he went on for a page and a half to explain what he meant by this one-twentieth proposition. He was followed by Mr. Aylesworth, for Prince Edward Island, who continued exactly the same discussion. Mr. Aylesworth said, at page 660:

From 1881 to 1891 the population of the island increased in fact but still they lose a member. Why? Because they have not increased as fast as Quebec and because their diminution is in fact more than one-twentieth part of the whole. Therefore that protective clause did not protect us in 1891, and it does not protect us to-day in 1901. It will not protect us ten years hence, for although we do increase in population we do not increase proportionately. That is the trouble and just as certainly as we lost one member in 1891 and another in 1901, we shall lose another ten years hence and another twenty years hence.

The opinion of the court was delivered by the chief justice, and it contains the following remark, at page 665:

. . . the representation of the province shall be readjusted after every decennial census, as provided for by section 51 of the British North America Act . . .

Before the Judicial Committee of the Privy Council, by reason of the similarity of the two questions, they were argued together and the judgment of their lordships was delivered by Sir Arthur Wilson. His reasons are in part as follows. I have already quoted Canadian reports 13 Appeal Cases at page 360:

Their lordships think (this is more than an *obiter dictum* by only one judge. It is the judgment of the committee)—their lordships think this is to give too narrow a meaning to the word—

The word being "readjustment".

In their opinion, when, as a result of a census, the representation of the provinces is reconsidered and the necessary changes, if any, made to bring it into harmony with the result of the census, that is a readjustment within the meaning of subsection 4, whether there be or be not any change in the case of any particular province.

When my hon. friend says that this is a mere *obiter dictum* which is not binding upon us, I cannot follow him, because it is the unequivocal opinion of their lordships. I believe that even if we accepted my learned friend's contention that it is an *obiter dictum* and referred the matter to the supreme court and afterwards to the judicial committee, their lordships would certainly adhere to their former judgment and would to-day give the same interpretation as they did in 1904. Not that I like that interpretation; I think it is erroneous. I would much rather accept the opinion of the hon. member for Stanstead. But our system of justice is so organized that in case of a conflict between the advice of counsel and the ruling of a judge, it is usually the latter that overrides. Under the common law, the jurisprudence is made up of judgments from our courts and our magistrates and not of opinions from our attorneys and barristers. It is sometimes disappointing, but it is so. I know that in this case I would be much more pleased to favour the doctrine enunciated by my learned friend the hon. member for Stanstead than the principle incorporated in the privy council decision. But, alas, I have no choice.

It seems extraordinary that our constitution should have been altered in the way it was by this decision. Of course, it sometimes operates in a gradual way, and Doctor O. D. Skelton recognized that the constitution could be changed by progressive judicial interpretation. Upon his appearance before the special committee on the British North America Act in 1935 he admitted that "theoretically the courts merely decide what the law is and do not make law, but inevitably, at the end of a long period of time, it is found that the constitution is different from what it was at the beginning". As an illustration, Doctor Skelton cites the case of Canada where, under the guiding hand of Lord Watson

and Lord Haldane—I cite him—"a constitution which, in the mind and intent of the fathers of confederation, was to make the central government the predominant factor, the residuary legatee, has been interpreted definitely in the contrary direction." I may add that this is not only true of the privy council but also of the Supreme Court of Canada. But in all other instances changes have been gradual. Here, in this event, it was brutal, abrupt and instantaneous. The members of the judicial committee advised His Majesty that the appeal should be dismissed for the reasons given. His Majesty in council issued an order in council, and so it was that the constitution of Canada was changed without any consultation with the parliament of Canada—not even with the government of Canada, nor with the advice or consent of the Canadian provinces.

It is well that all Canadians should remember that their constitution, being an imperial statute, may be amended by the imperial parliament alone. Students are discussing whether our constitution is a pact, a compact, a treaty, a contract, a compromise or a statute. These words have been used successively by Sir John A. Macdonald, Sir Wilfrid Laurier, Sir Robert Borden, the Right Hon. Ernest Lapointe, and the Right Hon. Arthur Meighen, to cite only those who have left this chamber. I have stated my opinion, and I offer it with all the deference due to those great men, but strong in the support of the parliamentary counsel of the Senate in 1939, whose opinion is to be found in his report to the Honourable the Speaker of the Senate in 1939, relating to the British North America Act. At page 17 of the fifth annex thereof he classifies the British North America Act as the—

> . . . result of legislative compacts between the imperial government and the original provinces of confederation. These compacts are now at law merely part of the history of the statute. They have been executed by and they are at law merged into the statute, which statute could be totally repealed by the imperial parliament at any time without Canada's consent and despite Canada's protest, notwithstanding the history, terms, intent or purpose of the statute.

I am not alarmed over this possibility, because I feel certain that the imperial parliament would not of its own volition, without Canada's request, alter, amend or *a fortiori* repeal the British North America Act. But this is technically the legal situation. I wonder if those who oppose our obtaining the right to amend our own constitution have considered this possibility. I wonder if they have realized that, of all the British Commonwealth members we are the only nation not yet capable of amending our constitution. To think that the procedure for obtaining this right would be so simple: "Any time we wish to amend our constitution, or to obtain the power to have the constitution amended of our own right, independently of Westminster altogether; all we have to do is to present an address from both houses of this parliament to the parliament at Westminster and that address will be given effect to, in legislation, at Westminster." Those are the words of the present Prime Minister (Mr. Mackenzie King) in the House of Commons in the debate of February 24, 1930, and can be found in *Hansard* of that day at page 46.

Mr. SMITH (Calgary West): Who ever disputed that?

On motion of Mr. Rinfret the debate was adjourned.

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

Wednesday, June 19, 1946

The house met at three o'clock.

LABOUR CONDITIONS

REPORT OF THE NEW ZEALAND FEDERATION OF LABOUR

Hon. HUMPHREY MITCHELL (Minister of Labour): Mr. Speaker, on June 13, the hon. member for Yale (Mr. Stirling) on behalf of the leader of the opposition asked if I could supply copies of a report by F. P. Walsh of the New Zealand Federation of Labour. I have obtained copies, and have had one placed on the desk of each hon. member.

STANDING ORDERS

CONCURRENCE IN THIRD REPORT

Mr. MATTHEW MacLEAN (Cape Breton North-Victoria) moved that the third report of the standing committee on standing orders, presented on June 17, 1946, be concurred in.

Motion agreed to.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

JAPANESE FISHERIES

Mr. REID:

1. Were the fishing activities of Japan in areas outside of her territorial waters curtailed under the terms of the peace treaty?
2. If so, what restrictions were imposed?

Mr. MACKENZIE KING:

1. The peace treaty with Japan has not as yet been negotiated. According to the order of August 21, 1945 from the supreme commander for the allied powers to the Japanese government, under requirements for allied entry into Japan, Japanese fishing vessels of 100 gross tons and over were to undertake no movement beyond voyages in progress pending instructions from the supreme commander. The supreme commander for the allied powers is authorized to regulate the fishing activities of Japan in accordance with security considerations until international agreements are negotiated.

2. Answered by No. 1.

PULPWOOD EXPORTS

Mr. CHURCH:

1. How much pulpwood is annually exported to the United States?

2. What is the estimated value of it per annum for the last three years of record?

Mr. ABBOTT:

1 and 2. Canadian exports of pulpwood to the United States, calendar years 1943, 1944 and 1945.

Year	Cord	Value
1943	1,408,363	$18,565,265
1944	1,390,826	20,012,285
1945	1,576,821	24,881,928

VETERANS LAND ACT—SASKATCHEWAN

Mr. McKAY:

1. How many veterans have been established in Saskatchewan under the Veterans Land Act as at May 31, 1946?

2. How many veterans have been established on (a) small holdings; (b) provincial crown lands, as at May 31, 1946?

Mr. MACKENZIE:

1. 1,000.

2. (a) Saskatchewan, 71; dominion, 3,959. (b) Saskatchewan, 32; dominion, 57.

HOUSING—PICTOU, N.S.

Mr. BROOKS:

1. How many persons are employed under the Wartime Housing Act in the town of Pictou, Nova Scotia?

2. How many of these employees are war veterans?

Mr. McILRAITH:

1. Eight full-time employees (five men and three women) are employed by Wartime Housing Limited in Pictou, Nova Scotia.

2. One male employee is a veteran of world war I. Three of the men were engaged in 1942 and two in 1943.

COAL IMPORTS

Mr. CHURCH:

1. What amount of United States anthracite, bituminous and soft coal was imported into Canada during the last year of record?

2. What was the value of coal so imported?

Mr. ABBOTT:

1 and 2.

Canadian imports from the United States of coal entered for consumption during the calendar year 1945

Item	Ton	Value
Briquettes of coal or coke	142,435	$ 1,114,167
Anthracite screenings or dust	21,854	65,553
Anthracite, domestic sizes—grate, egg, stove, nut, doubles, cobbles and trebles	2,435,590	22,472,156
Anthracite—peas, beans and smaller sizes, n.o.p.	926,913	4,851,040
Coal, bituminous, and coal, n.o.p.	21,135,067	72,979,284
Coal, lignite	467	2,229
Coal, ex-warehoused for ships' stores	513,277	1,882,047

MOTION FOR PAPERS

CANADIAN BROADCASTING CORPORATION—EMPLOYEES IN TORONTO

Mr. CHURCH:

For a list of employees of the Canadian Broadcasting Corporation at Toronto, showing (a) how long they have been residing in that city; (b) their prior occupation and residence; (c) length of service; (d) salaries and other emoluments?

REMEMBRANCE DAY

QUESTION AS TO OBSERVANCE ON FIRST SUNDAY IN NOVEMBER

On the orders of the day:

Mr. M. J. COLDWELL (Rosetown-Biggar): I should like to direct a question to the Prime Minister. The statement was made at noon to-day over the air that His Majesty the King had set the first Sunday before the eleventh

of November as Remembrance day and that the cenotaph was to be marked "1939-1945" accordingly. Has any consideration been given to taking similar action in Canada and, if not, will the government consider it?

Right Hon. W. L. MACKENZIE KING (Prime Minister): I am informed that the matter has been considered within the recent past, and a definite announcement will be made later.

LABOUR CONDITIONS

SEAMEN'S STRIKE—PROGRESS OF NEGOTIATIONS

On the orders of the day:

Mr. T. L. CHURCH (Broadview): I should like to ask the Minister of Labour what is the situation on the great lakes with respect to coal and shipping. Are we going to have to wait for settlement of this dispute until Santa Claus comes round at Christmas? Has there been any change in the situation?

Hon. HUMPHREY MITCHELL (Minister of Labour): I do not think my hon. friend is serious about Santa Claus. In reply to the hon. member I regret to confirm the news that the large majority of owners of lake shipping have refused to agree to the government's proposals for the settlement of the seamen's strike. These proposals, which the strikers belonging to the Canadian seamen's union had approved as a basis of return to work, are as follows:

1. That the companies and the union, as well as the companies in respect of which the union has been certified under the wartime labour relations regulations, P.C. 1003, will make joint application to the national war labour board for permission to introduce immediately the eight-hour day, three-watch system (four hours on watch, eight hours off) on all their vessels and pending decision thereon by the national war labour board the companies shall introduce the eight-hour day, three-watch system, with a minimum extra personnel of one wheelsman, one oiler, one watchman and one messman. Any further details regarding the method whereby the three-watch system can be most effectively applied shall be negotiated by the parties.

2. That the agreement between the companies and the union dated August 1, 1945, shall continue in effect and negotiations will be immediately entered into for a new agreement covering wages, union security and other working conditions to be effective as from August 1, 1946. To assist such negotiations the union and the companies will jointly request the Minister of Labour of Canada to appoint an industrial disputes inquiry commissioner.

3. That all crew members required by the companies during the period until a new agreement is negotiated, will be hired in accordance with the terms of the existing agreement referred to in clause 2 hereof.

4. That the companies agree to reinstate without discrimination all members of the union who were on their ships at the time the strike commenced except those employees who have been convicted of violations of the criminal code, and the union shall, on the signing of this memorandum of agreement, declare the strike ended.

Consideration is now being given to the next step which should be taken in order to bring this unfortunate, costly and unnecessary strike to an end. As I have stated before, no thinking citizen can approve a twelve hour working day for any man. The strike started on this issue, but since then the operators of ships have made application to the national war labour board for authority to institute an eight-hour day. The other questions now at issue are keeping the parties from getting together.

I suppose the attitude of the owners of the ships is largely due to certain lawless acts along the St. Lawrence and Welland canal systems and in the upper lakes. No one can condone lawless acts committed by anyone. Violence never yet won for a just cause. An uncompromising attitude on the part of employers and employees is not in the interest of the employers and employees nor the country at large. I still hope that reason will prevail in this dispute. If that is not apparent very quickly, suitable action will be taken.

Mr. CHURCH: I cannot understand why the government does not operate the ships on the great lakes pending a settlement.

Mr. KARL HOMUTH (Waterloo South): In view of the statement from the shipowners appearing in this morning's press that any report given out would be given out by the minister, can he tell us whether or not the shipowners have made counter-proposals?

Mr. MITCHELL: I can read the telegram from the shipowners. It is addressed to myself and reads:

This wire being sent to the Ministers of Labour, Transport and Reconstruction and Supply:

"The undersigned companies operating vessels on the great lakes and St. Lawrence waterways have considered the memoranda of proposed agreements submitted by the Department of Labour under date of June 13 and have decided that, first, they will not enter into any negotiations whatever with the individuals who are the present officers of the Canadian seamen's union. Second, they will, however, negotiate with responsible representatives of their employees on the following basis:

(a) Provided they return to the ships immediately all former crew members will be re-engaged under previous terms and conditions with the exception of those members implicated in acts of violence, the eight-hour day dealt with in (d) below to be effective immediately the national war labour board permits the operators to institute it.

(b) All interference with the manning and operation of ships will come to an end immediately.

(c) The government will be requested to appoint a commissioner to deal with all questions in dispute as quickly as possible.

(d) The companies will make every effort to implement the eight-hour day by requesting an early decision from the national war labour board in accordance with application made May 21, 1946. Third, failing acceptance of paragraph two the operators request in view of the national emergency caused by the shortage of coal, oil and other essential commodities resulting from this totally unauthorized and illegal strike that the government authorities direct that control of operations of all vessels on the great lakes and St. Lawrence waterways be entrusted to the Canadian shipping board as during the war or to some other properly constituted government authority and that the striking seamen be ordered back to work on the terms and conditions prevailing prior to the strike on the understanding that the eight-hour day in accordance with the application made by operators on May 21, 1946, to the national war labour board will be placed in effect immediately if the national war labour board will permit the whole matter then to be adjusted according to recommendations of a commission or commissioner to be appointed by the government."

The telegram is signed by the following:

Canada Steamship Lines Limited; Paterson Steamships Limited; Colonial Steamships Limited; Sarnia Steamships Limited; Algoma Central Steamship Line; St. Lawrence Steamships Ltd.; Powell Transports Ltd.; Northwest Steamships Ltd.; Coal Carriers Corp.; Diamond Steamships Ltd.; Hindman Transportation Co. Ltd.; Valley Camp Coal Co. of Canada Ltd.; National Sand and Material Co. Ltd.; Mohawk Navigation Co. Ltd.; Inland Lines Ltd.; Hall Corp. of Canada Ltd.; Marine Industries Ltd.; Keystone Transports Ltd.; Canada Cement Co. Ltd.; Foote Transit Co. Ltd.; Gulf and Lake Navigation Co. Ltd.; Transit Tankers Ltd.; Driftwood Lands and Timber Ltd.

TYPOGRAPHICAL UNION AND SOUTHAM NEWSPAPERS

On the orders of the day:

Mr. STANLEY KNOWLES (Winnipeg North Centre): I should like to direct a question to the Minister of Labour about the dispute between the typographical union and the Southam newspapers. I have sent notice of the question to the minister. As he knows, it deals with what is recognized as the crux of the dispute, namely, the Winnipeg Tribune's objection to the provision about union laws not being subject to arbitration.

Mr. SPEAKER: According to the rules the hon. member is not permitted to give information. His question should be brief and to the point.

Mr. KNOWLES: This is my question: Is there anything new about this provision? Are the Southam newspapers other than the Winnipeg *Tribune* willing to agree to this same provision, and has the Winnipeg *Tribune* offered to submit its company by-laws to arbitration?

Hon. HUMPHREY MITCHELL (Minister of Labour): In answer to the first part of the question asked by the hon. member for Winnipeg North Centre, the fact is that in the provinces where the wartime labour relations regulations, P.C. 1003, apply to printing establishments, namely in British Columbia, Manitoba, Ontario, New Brunswick and Nova Scotia, all the terms of the collective agreement between the employees and the employer are subject to final and binding arbitration. This is provided for in sections 17 and 18 of the regulations.

The typographical union insists that its own general rules, including local union rules, must become a part of the collective agreement with every employer with whom such agreement is negotiated. One provision of the general rules of the union is that such rules are not subject to arbitration. In view of what I have just said it will be seen that the union law in that respect is in conflict with the provisions of the wartime labour relations regulations.

With respect to the second part of the question, I am informed that the Winnipeg *Tribune* did not insist that its by-laws should become part of the collective agreement between itself and the union.

CLOTHING DRIVE

QUESTION AS TO CONTRIBUTION OF NEW CLOTHING

On the orders of the day:

Mr. RODNEY ADAMSON (York West): I should like to direct a question to the Postmaster General (Mr. Bertrand) or the appropriate member of the cabinet. It concerns the clothing drive now in progress to collect clothes for Europe, and it arises from a statement made by Doctor Murdock. I should like to know if both new and used clothes can be sent to Europe.

Hon. ERNEST BERTRAND (Postmaster General): I do not think I am the proper minister to which that question should be addressed.

Mr. ADAMSON: Would it be the Minister of National War Services?

Hon. J. J. McCANN (Minister of National War Services): It is intended that only used clothing should be donated in the drive.

PRIVILEGE

MR. POULIOT—REFERENCE TO DOCTOR CHISHOLM

On the orders of the day:

Mr. JEAN-FRANÇOIS POULIOT (Temiscouata): I rise to a question of privilege. Yesterday one of my colleagues was too

quick in referring to a previous statement I had made about Doctor Chisholm. I was asking a question, and referring to my statement I said that he was speaking through his hat. Is it not possible to confiscate it and burn it?

An hon. MEMBER: What, the hat?

Mr. POULIOT: The hat.

COAL

FINANCIAL AID TO OPERATORS TO INCREASE PRODUCTION

On the orders of the day:

Right Hon. C. D. HOWE (Minister of Reconstruction and Supply): On Monday last the hon. member for Lethbridge (Mr. Blackmore) asked this question:

I should like to direct a question to the right hon. Minister of Reconstruction and Supply. Will the minister make a statement to the house at an early date indicating how many Alberta coal mine operators have sought financial aid from federal government agencies in order to increase production, and whether or not such financial assistance has been refused?

The hon. member for Kamloops (Mr. Fulton then asked:

Will the minister include British Columbia in the statement that he is to make?

With reference to the question asked by the hon. member for Lethbridge, I would state that the number of coal mine operators in the province of Alberta who have or who still are receiving financial aid is seventy-one, and there are nine in the province of British Columbia. No financial assistance has been refused to any coal mine operator where in the opinion of the emergency coal production board or coal control such assistance would have aided the over-all situation.

WINDSOR DISTRICT TORNADO

INQUIRY AS TO DAMAGE AND RENDERING OF ASSISTANCE

On the orders of the day:

Mr. M. J. COLDWELL (Rosetown-Biggar): Does the government intend to make any report to the house on the widespread damage caused by the recent storm in Kent and Essex counties, and is consideration being given to providing assistance, particularly to the farmers who have lost their crops and to persons who have been made homeless?

Hon. PAUL MARTIN (Secretary of State): Mr. Speaker, as the house knows, the hon. member for Essex West (Mr. Brown) and myself went to the county from which we come, to see for ourselves the extent of the damage in that area. On our way by plane we had a good opportunity of viewing the country from about the Chatham area into the precincts of Essex county. It was evident from the air that a tremendous amount of damage had been done to farm areas by the storm which began some time on Sunday.

With regard to the damage by the tornado in the city of Windsor and its environs, the situation there is not as serious as at first glance it was thought. That, however, does not mean that the situation is not serious. It is difficult at the moment to assess the full amount of damage both to private and to public property.

The house, I know, will regret to learn that somewhere in the neighbourhood of fifteen to twenty deaths are definite. We visited some hospitals yesterday and it was evident from the condition of some of the patients there that there may be additional fatalities.

At this juncture I simply want to thank the Minister of Reconstruction and Supply (Mr. Howe) for taking steps long before any request was even made to him to provide priorities for reconstruction purposes; the Minister of National Defence for Air (Mr. Gibson), who because of a threatening water supply situation sent in the necessary equipment, and the Minister of National Health and Welfare (Mr. Claxton) for his immediate assistance and offer to assist in providing medical supplies and the like.

A number of individuals have had their homes and their possessions completely wiped out. The chairman of the Red Cross emergency fund committee, in a telephone call to me a few moments ago, stated that from many quarters in Canada offers of assistance were coming in. Until there is a full opportunity of appraising the extent of the damage I need say no more, except, on behalf of the people of Essex county, that we are all very grateful for the expression of interest from this house and from the people of Canada generally.

Mr. MacNICOL: May I suggest to the minister that he include in his thanks the authorities at Detroit?

Mr. MARTIN: Yes. The people in the city of Detroit and neighbouring cities of the United States have been of great help, and I am sure that all of us from the area concerned are very grateful to them.

The house having reverted to the order for motions:

LIBRARY OF PARLIAMENT

CONCURRENCE IN FIRST REPORT OF JOINT COMMITTEE

Hon. IAN A. MACKENZIE (Minister of Veterans Affairs) moved:

That the first report of the joint committee of both houses on the library of parliament, presented on May 30, be now concurred in.

It is non-controversial, I think.

Mr. JEAN-FRANÇOIS POULIOT (Temiscouata): Mr. Speaker, I have just a word to say. Formerly I was a member of that committee; now I am not. There are treasures in the library, and these treasures are in the cellar. There are pipes passing over a most valuable collection of newspapers. The whole history of Canada is there; the collection is unique. Very often we have urged that there be a fireproof library to house all these treasures. I remember when I first made the suggestion ten or twelve years ago the then minister of public works, under another administration, told me that the floors were so wonderful that they had to be kept waxed. They are wooden floors; they are noisy to walk on. I understand that vigilance is practised, that a constable is on duty in the library twenty-four hours of the day. But that is not enough. There might be a short circuit anyhere which would result in destruction of the library. Is it not possible to have a new library, a national library in Ottawa, where all these treasures could be kept, and where they could be utilized by students and scholars who wish to be informed on the history of Canada? Moreover, it is impossible to work in the library. I praise the staff very highly. It is composed of most efficient men, and they are always ready to serve. Members of parliament of both houses are privileged in that they can have books from the library in their rooms, which are also fireproof, but people outside, university men and others, cannot take advantage of the library. Who can work there? There is so much noise when anyone walks the floor, the light is bad, and there is no accommodation for anyone to work there.

In the first place there should be a complete classification of all the books to help all those who want to work in the library. We are here to work, and our work should be facilitated. In this matter I have only the highest praise for all members of the staff from Mr. Desrochers and Mr. Hardy down, and I make special mention also of Mr. Tarte; I should like to mention them all, one after the other. I hope, sir, that something will be done in the supplementary estimates, not merely for the use of members of parliament, for that would be selfish, but for the use of all of those who want to learn the history of Canada. What we have there should be publicized. The catalogue we have is insignificant, because it does not tell us what we could find in the library. The matter has been studied by the separate school board of Ontario, and by my hon. friend the Secretary of State (Mr. Martin), who gave a very fine address on the subject; there is no better-read man than the Prime Minister (Mr. Mackenzie King) himself, and the Minister of Public Works (Mr. Fournier) is most congenial. I hope they will come to an agreement to do something in this regard for the benefit of this country, and to preserve treasures which we could not replace with millions of dollars.

Mr. M. J. COLDWELL (Rosetown-Biggar): I am not going to delay the house, but I should like to congratulate the hon. member for Temiscouata (Mr. Pouliot) upon taking this opportunity of raising the question of the library. In my opinion Canada should have a national library. I have thought for a long time that if we were to have a national memorial the most suitable one would be a national cultural centre in this city, and I would hope that the provinces might follow the example of the capital city and establish similar centres in their own areas. When I came to Ottawa some years ago I thought that, coming to the capital city, one would be able to enjoy good opera, good drama, good pictures, a good library. Many countries with smaller populations and fewer resources than Canada have facilities of this kind which put our country to shame. Most of us are interested in what has been done over the past twenty years in welding this country into a real nation, and it seems to me that nothing would bring about a greater national consciousness than the establishment of a national library and a national cultural centre. I warmly congratulate the hon. member for Temiscouata and thank him for giving me the opportunity of rising to say these few words. I feel that no matter how beautiful we make Ottawa—and I want to see it the "city beautiful", which I know has been the dream of the Prime Minister himself—it should also be a cultural centre which would epitomize the various cultures we have imported into this country and assist in welding them into one Canadian culture distinctive of Canada herself.

Mr. J. M. MACDONNELL (Muskoka-Ontario): I rise to make a suggestion which is very much less dignified and important than those which have been made, though I

fully agree with them, and that is that the library would be a very much better place to work in if it was regarded as a library and not as a congregating room for the purposes of all kinds of personal conversations.

Motion agreed to.

ANSWER TO QUESTION

MR. LENNARD—PURCHASE OF PROPERTY IN WENTWORTH COUNTY

On the orders of the day:

Mr. W. A. TUCKER (Rosthern): Mr. Speaker, yesterday the hon. member for Wentworth raised the point that the answer I made to his question on Monday last was not complete. I would refer him to remarks made by myself as reported in *Hansard*, page 951, in regard to a similar question.

Mr. HOMUTH: The hon. member has referred to something else. The hon. member for Wentworth asked for an answer to a certain question, and an answer given at any other time is not an answer to his question.

Mr. MACKENZIE: No, just the principle established; that was all.

REDISTRIBUTION

AMENDMENT TO BRITISH NORTH AMERICA ACT AS TO RULES FOR READJUSTMENT OF REPRESENTATION

The house resumed from Tuesday, June 18, consideration of the motion of Mr. St. Laurent for an address to His Majesty the King praying that a measure be laid before the parliament of the United Kingdom to effect an amendment to the British North America Act with respect to readjustment of the representation in the House of Commons, and the amendment thereto of Mr. Diefenbaker.

Mr. EDOUARD RINFRET (Outremont): Mr. Speaker, last night when the house adjourned I was discussing the simplicity of the procedure for the obtention of the right to amend our own constitution. What would not be so simple would be the procedure for possible future amendments of the constitution. It is to be hoped that the endeavours of the Dominion-Provincial Conference of 1927 will be carried on and implemented as soon as possible. This would, once and for all, put an end to the dispute concerning the necessity for all provinces to be consulted when an amendment is sought.

It would not, to be sure, terminate the discussion of the true nature of the constitution, whether it is a contract or a statute, but it would, it is hoped, eliminate the occasion for such discussion.

[Mr. Macdonnell.]

Would you permit me, Mr. Speaker, in this connection to place on *Hansard* these few phrases from Keith's Constitutional Law of the British Dominions, edition of 1933:

This view—

That expressed by Mr. Ferguson when premier of Ontario, that no change of importance can be made to the British North America Act without provincial consent.

—is based on the idea that the federal bond is the result of a compact or treaty, a term which admittedly was often used in the debates in the Canadian legislature when that body in 1865 approved the agreement achieved with the maritime provinces in 1864. To this view it is objected that in fact the Quebec agreement was never accepted by the legislatures of Nova Scotia and New Brunswick, and that in fact in certain matters the constitution prepared in 1864 was modified under imperial auspices before enacted in 1867, while as regards the other provinces, especially those created by the dominion, Manitoba, Saskatchewan and Alberta, any idea of a compact is absurd.

As I have said, I hope the question will soon be settled and the right of amending our constitution conferred, with as little delay as possible, on some authority within the confines of Canada, with all guarantees necessary to assure the full exercise of the rights by minorities. Then it is hoped it will no longer be necessary to ask the question, have the provinces to be consulted, and have they to consent to amendments to the constitution.

At the Dominion-Provincial Conference of 1927 on amendments to the British North America Act, it was proposed that:

In the event of ordinary amendments being contemplated the provincial legislatures should be consulted, and a majority consent of the provinces obtained, while in the event of vital and fundamental amendments being sought involving such questions as provincial rights, the rights of minorities, or rights generally, affecting race, language and creed, the unanimous consent of the provinces should be obtained.

This proposition was unfortunately not acted upon. What then have we got to base an opinion upon? The Canadian constitution, like the British constitution, is made up of customs. Let us see what has been the custom here in Canada.

There have been, in all, nine amendments to the constitution. All were granted without discussion by the imperial parliament. In all cases the demand was made by the central authorities—in one case, by the federal government, but this was condemned by the unanimous vote of the house upon motion of Mr. Holton seconded by Hon. Alexander Mackenzie. The vote was, yeas, 136; nays, none. All subsequent addresses were passed by parliament.

In two instances, when it was felt that provincial rights were affected, the legislatures were consulted; otherwise they were not. In two cases there were protests on the part of one province, once from British Columbia and once from Quebec. A single attempt was made by the provinces to alter the British North America Act without the consent of parliament at Ottawa. The incident is related by Doctor Ollivier in his "Problems of Canadian Sovereignty". He tell us how the provinces convened in October, 1887; how they adopted eighteen resolutions, of which twelve were readjustments of the constitution, with a view to extending the power of the provinces at the expense of the federal parliament; how the central government refused to give its support to the proposed amendments; how the resolutions of the conference were forwarded through the usual channels to the Secretary of State for the Colonies, who formally acknowledged receipt thereof. But he concludes with these words:

No action was taken upon the resolutions by the imperial parliament.

I have cited these various examples to show that the imperial parliament, which is the amending power, will act only upon the request of the federal authorities and notwithstanding the absence of consent or even the opposition of the provinces. That is the situation as we have it to-day, and when we are told that by voting for the resolution now before the house, we are creating a precedent, I say that if precedent there is to be created, then it was created a long time ago, less than five years after the sanction of the constitution, at a time when the fathers of confederation were still alive and in parliament at Ottawa. Yet there was no question at that time of asking the approval of the provinces.

It may be argued, I know, that in the other instances the amendments had to do with matters not strictly connected with provincial rights, but that now it is different, and that the proportionate representation of the provinces is an encroachment upon the provinces. I have often asked myself whether here, in this house, I was a representative of my constituency, whether I was a representative of my province, or whether I was a representative of Canada as a whole. Listening to some hon. members, I wonder whether they—or I—understand their duty correctly as members of parliament. Some have treated this question as one from Nova Scotia; others, as one from British Columbia; still others, as one from Saskatchewan. Few have considered the matter in the interests of the whole of Canada. I was glad the other night to hear the Minister of Agriculture (Mr. Gardiner) explain that the government plan had not been conceived by Quebec, because sometimes I was annoyed by some people wishing to make this a Quebec problem when it is not.

There is a marked leaning on the part of certain persons towards envisaging everything as a Quebec problem. I think it is high time that such wrong tactics be abandoned, and I am glad for this reason, Mr. Speaker, to see that reference to Quebec as the pivotal province will cease to be made as soon as this resolution is passed. Quebec was unfairly treated in the last redistribution. Even members of the Progressive Conservative party are ready to admit it. Yet it was their party that affected the distribution of seats. British Columbia is entitled to higher representation; Saskatchewan and Manitoba would lose respectively four and three seats; Ontario would have to abandon seven members if we were to adopt the argument of the hon. member for Stanstead.

Is not a member, wherever he comes from, to take note of these facts? Is he supposed to refuse to see whatever takes place in any other than his own province? Is he not supposed rather to consider his local problems in relation to the whole Canadian picture? Is he not in a much better position to be of assistance to his own people when he does take the problems of others into consideration? On the other hand, are we to forget completely where we come from? Are we to close our eyes to all local difficulties? I do not think this would be fair to our electors and our fellow citizens. Be that as it may, I consider myself—and I feel quite sure every member of this house coming from the province of Quebec considers himself—just as good a Quebec citizen as the present premier of that province. We in this house have been elected by the same electors as elected his party in Quebec and defeated his independents in the federal field; and we claim to have as much at heart, as he claims he has, the interests of the province of Quebec. We might even be in a much better position than he to weight our problems in the light of the general good.

I claim for myself and my compatriots the right to represent Quebec if need be, and I believe we can do it in a much better way than he can in his own ivory tower called Laurentie. He had a wonderful opportunity for protecting his province as far as federal representation is concerned, and he has done all in his power to prevent the increase of eight members offered by the Liberal government. If he were serious he would not find all sorts of excuses, and *faux fuyants* to guarantee to his province the eight members to whom it is rightly entitled and who are long overdue.

How can he possibly claim that voting for the resolution would create a precedent when he knows very well that on seven previous occasions the provinces have not been consulted in connection with similar amendments to the constitution? If he were sincere he would rather say: The essence and the spirit of the constitution have on seven previous occasions been amended without the provinces being consulted; is it not time therefore that the constitution be amended in the same fashion in order to restore the essence of the act, which has been badly deformed by the judicial body?

I contend that my representation here is of the same kind as that of Sir George Etienne Cartier and Sir John A. Macdonald. They both served as members of the federal government after creating confederation, and they both continued to defend the rights of their respective provinces in relation to the whole of Canada. Why should the right that was granted Cartier and his fellow members in 1867 be refused the present members representing the province of Quebec? Why can we not claim to act for the province of Quebec when it is deemed necessary that provincial consultation be made? Why should it not be left to the federal members to decide whether the provinces should be consulted? Is it not upon this theory that, in the past, all seven amendments, not specifically identified with purely provincial rights, have been treated? There were in the House of Commons representatives of the province of Quebec having the same rights as had formerly Cartier and others, and they were consulted the same as we are to-day consulted concerning the proposed change.

I purposely have not used the word amendment because I do not think it is one at all. In my opinion it is an explanation; it is an elucidation; it is the restoration of the spirit of the constitution. It has been variously argued that the basis of our representation is population. I believe it would be more adequate to say that proportionate representation was the keynote of the British North America Act. Quebec was entitled to sixty-five members and the other provinces to the numbers of representatives which corresponded to the proportion which their respective populations bore to that of Quebec. Each member was to represent the same proportion of the population of Canada. "So that a man in Quebec—" to use the words of Mr. Fitzpatrick in the New Brunswick reference—"should have by reason of his vote, the same political influence in Canada as a man in any other part of the dominion. If this Act, (the British North America Act) is construed properly, then every man in the Dominion of Canada will have the same amount of political influence as a result of his vote."

The proper balance was fairly well kept, although in 1904 it was a little off keel. Each unit of representation then represented: for Quebec, 25,367; for Ontario, 23,727; for Nova Scotia, 22,978 and for New Brunswick, 23,651. From 1904 on, with the interpretation given to subsection 4 of section 51, the disproportion has been more and more noticeable, so that to-day the unit of representation in Quebec is 51,213, and that of the other provinces as follows: Nova Scotia, 48,163; Prince Edward Island, 23,761; New Brunswick, 45,740; Ontario, 46,190; Manitoba, 42,926; Saskatchewan, 42,666; Alberta, 46,833, and British Columbia, 51,116. All except British Columbia and Nova Scotia show a quotient of more than five thousand fewer than that of Quebec. This has been qualified as "an unjust and illegal consequence under section 51" by Mr. Cannon, counsel for Quebec in the New Brunswick reference.

The purpose of the resolution is to reestablish the balance as it was originally, to restore the true spirit and the keynote of the constitution. It was felt, however, that if we adhered strictly to the letter of the British North America Act, certain provinces would be harshly treated. Saskatchewan would lose four seats and Manitoba three. It was thought, moreover, that this would not correct the inequality which gradually took place as a result of section 51, as interpreted, and specially would not have reduced to seventy-four the number of seats for Ontario, which would have been equitable on a strict population basis.

The resolution attains these various results in complete fairness to all concerned. If it is creating a precedent in this country to effect fairness to all concerned, and to correct an injustice, then I am in favour of creating such a precedent, and I do hope that the precedent will be followed often, and that the present premier of Quebec will follow suit.

In voting in favour of the resolution I do not feel that I am creating any other sort of precedent, and particularly I feel convinced that I am not altering the essence of the British North America Act, but rather restoring it. I reserve for myself the right to ask that the provinces be consulted should I think that, at some future date, an amendment attacks the essence of the constitution.

May I again revert to the New Brunswick reference in this connection, and draw the attention of the house to the fact that Mr. Justice Mills, at page 584 of the report, recog-

nizes the principles which I tried to express, namely, that under the British North America Act the number of members of the House of Commons might be from time to time increased by the parliament of Canada, provided that a proportionate representation of the provinces prescribed by the act was not thereby disturbed. And might I suggest that according to this decision the proposed resolution comes within the orbit of the constitution, more particularly under section 52. This is the section upon which Mr. Newcombe, the former deputy minister of justice was relying to argue that the number of members of Quebec could be increased. He said in the Prince Edward Island reference at page 645—and this was away back in 1904:

> The power given under section 52 has never been executed, but it may be executed and only in one way, that is, by increasing the number fixed for the province of Quebec. If parliament were to provide that Quebec shall have 75 members and that the representation of the other provinces shall be increased accordingly, that would be an enactment quite within the authority of the dominion parliament and referable solely to the authority conferred by section 52.

In closing I think it is fair that I should correct certain wrong impressions which have been created by certain speakers who have participated in the debate. The hon. member for New Westminster (Mr. Reid) mentioned that Montreal was over-represented, and made a comparison of its representation with that of Glasgow. He claimed that Glasgow had fifteen members for 1,280,000 of population, whereas Montreal had sixteen representatives for 903,000. I made an addition of the figures for Montreal which the hon. member had before him when he spoke, and he will agree with me that they came to 1,271,584, a little less than 9,000 under the Glasgow figure.

As to the assertion that Montreal is over-represented, I think it would be fair to make a comparison with the next ranking city in the dominion. According to the last census, the island of Montreal has sixteen members, for a population of 1,116,800, or a quotient representation of over 70,000; whereas Toronto has eleven members for 667,457, or only some 60,000 per constituency. Montreal has ten counties with more than 70,000, whereas Toronto has only two.

The hon. member for Royal (Mr. Brooks) complained that Quebec territory had been increased by 500,000 square miles at some time or other. That is so, but it is not the area that is the basis of representation but the population. In this 500,000 square miles there are approximately 3,700 people, and for the purpose of determining the population of Quebec they are not included at the present time. But even if they were, does the hon. member suggest that they should not be included? What then would he suggest that we do with them—that we give them one representative over and above the representation of Quebec? They have a right to be represented just as much as the inhabitants of the Yukon.

I have mentioned Sir John A. Macdonald and Sir George Etienne Cartier. I can assure my English-speaking compatriots that I have in their fair play the same faith as Cartier had in that of Macdonald, and that they may be assured of our cooperation in the same fashion as Cartier offered it to Macdonald.

Mr. RALPH MAYBANK (Winnipeg South Centre): The hon. member who has just taken his seat (Mr. Rinfret) denied the over-representation of Montreal, and the question arose in my mind as to how Montreal could be over-represented with representatives such as he himself. I am sure the house must agree that the greater the number of people of his calibre who come here from Montreal, or from any other place, the better off this parliament will be. In my first words I am glad to pay him a sincere and heartfelt compliment on the excellent, comprehensive and most adequate exposé of the law upon this question. I think it is fitting that he should have done it at this time. It is altogether to the general benefit of parliament that such a dissertation as he has presented to us should be upon our records for future use.

The hon. member for Winnipeg South (Mr. Mutch), sitting beside me not long ago, remarked that this debate was very largely a lawyers' debate; and so, I realize, it must have seemed. Although a lawyer myself, I do not intend to discuss the various decisions in the courts and the various legal opinions which have been given here in the house from time to time, because I consider that has already been adequately done. The hon. member for Lake Centre (Mr. Diefenbaker), who presented the case in the beginning for the Progressive Conservative party, the hon. member for Stanstead (Mr. Hackett), the hon. member for Calgary West (Mr. Smith), to mention only two or three of them from the opposite side of the house; then, the Right Honourable the Minister of Justice (Mr. St. Laurent) and, last, but most decidedly not least, as will be clearly understood from what I have already said, the gentleman who has just concluded his excellent discourse upon the subject—all these have discussed the matter from the legal standpoint. For that reason I believe the law has been sufficiently laid before the house.

But certain aspects of the matter have arisen in debate which commend themselves to me as subjects for comment. Perhaps I would not have spoken at all had it not been for the fact that I felt some member from each province should make a statement. So far, hon. members from my province of Manitoba have not taken part in the debate, and I felt that one should.

So far as I am concerned—and I am sure in this respect I speak for many, indeed, if not all, my colleagues—I would support the motion, because in the first place I believe it is a most reasonable proposition. Hon. members have not attacked the basic idea of this redistribution resolution. I am not sure that that is the course they would have followed had they had a little more temerity. At any rate, whether or not they had the courage to do so, the fact is that they have not attacked the fairness of this sort of redistribution. It does not seem to me that it is possible to attack it. It is, after all, an attempt to seize again the principle under which we desire to operate our political life, the principle we accepted in 1867.

In 1867, without doubt, we had representation by population; but before long we failed to have it, by reason of what has been termed the "joker" clause in the British North America Act, as a result of which undoubtedly Ontario came to have a greater representation than she would have been entitled to have under a strict representation-by-population distribution.

True, even in the beginning the principle was mitigated to a certain extent by ideas of territorial representation. But on the whole it was representation by population that the fathers of confederation sought; and that is the principle to which all Canadians have subscribed from that day onward—although it would seem to me, in the light of the voting of the Progressive Conservative party to date, that sometimes that subscription was more in the nature of lip service than it was sincere.

Before dealing with what I consider some of the practical aspects of the compact theory which has been advanced, I should like to address a few remarks to the thoughts left with us by the hon. member for New Westminster (Mr. Reid). He has complained—and he is about the only one—about the effects of the resolution before us, because he does not think it is quite fair to British Columbia. But, Mr. Speaker, British Columbia is to be assigned that number of members which its population warrants, according to the latest authoritative count. British Columbia, like every other province, must receive according to its population, and according to some definite count. The last authoritative count was in 1941, and we have to operate on that basis, or on some other. It is true that estimates of population can be made between then and now; but we cannot take estimates. We cannot proceed on the basis of any other sort of count than that which has always been the accredited manner of checking up on the number of our people.

As a matter of fact, British Columbia is better off when she is receiving two additional members, as a result of using the 1941 census, than she would be if we deferred the matter until 1951. That is to say, clearly she is going to suffer an injustice if we do not have this distribution; she has been suffering an injustice right along, and the present procedure will take care of that to a certain extent.

The complaint coming from the hon. member from New Westminster amuses me somewhat, bearing in mind as I must the number of times he has inveighed against the Japanese and Chinese. You know, out in British Columbia at the present time, under the 1941 census and by reason of this distribution, the hon. member for New Westminster and the people of that province will be accorded an additional member of parliament by reason of the fact that there are in their midst a large number of Japanese, Chinese and other orientals. These people cannot vote.

Mr. SINCLAIR (Vancouver North): They pay taxes, though—and those in Vancouver East are represented.

Mr. MAYBANK: They have out there at the present time about 22,000 Japanese, 18,500 Chinese and 1,343 East Indians, a sufficient number of persons to supply any province with an additional member. They do not vote, although they are counted for purposes of representation. So British Columbia is getting some benefit from the Japanese. After they have them all shipped out of the country, and all the Chinese shipped out of the country, and all the East Indians shipped out of the country, the province still have the extra member. So that I say the hon. member from New Westminster really has not very much to complain about. True, I understand British Columbia members have complained about not having enough senators, but I believe we shall hear from the hon. member who has interrupted me, and that that will be adjusted in a short time. It will come a little later in the day, when arrangements will be made for increased representation in the senate for British Columbia, and probably for other places.

Mr. ADAMSON: A little later in life, too.

Mr. MAYBANK: Yes, later in life, too.

I do not think it is desirable that the country should overlook the strange inconsistency of the Progressive Conservative party in this matter. I said "strange" inconsistency. Perhaps I was wrong; perhaps that was the wrong word to use; maybe I should not have emphasized the word "strange" and should only have referred to the inconsistency. Some might think it usual, while others might think it strange. At any rate I think it is just as well to emphasize the fact that there is great inconsistency between the actions of that party in connection with this redistribution, as they express themselves in speech, and the manner in which they have dealt with other amendments to the British North America Act, as they have expressed themselves in action. Only a few years ago—1943—a proposal came up that we should amend the British North America Act, and that we should amend it in respect of redistribution—as to whether we should have redistribution or whether we should not. When it came to voting on that, all the gentlemen who have spoken in this debate voted without any reference at all to the provinces. They never suggested that the provinces should be consulted; they all voted that the British North America Act should be amended. That was the time when they were preventing redistribution.

Mr. HACKETT: Does the hon. member think it is a fair argument to invoke what was done as a war measure, when the interest of the country was centered on winning the war, as a precedent for what is going on at the present time?

Mr. MAYBANK: That is a simple question to answer. If it was in the mind of any hon. member of the Tory party of that day to think that they were acting in a manner unusual, he could have said so. If he had done so, he would have been adequately explaining his action in case a similar proposition should develop in the future. It was perfectly plain from the way they all acted at that time that they had no thought whatever of consulting the provinces, either then or at any other time. If the gentleman who has just sat down had remarked, even casually at that time that the provinces should be consulted—

Mr. HACKETT: Unfortunately I was not here.

Mr. MAYBANK: The hon. member was not here, and so far as I know he did not coach anybody. Whether he would have spoken so if he had been here, I do not know. He seems to be most careful and cautious, and he may have done that if he had been here. At any rate none of his colleagues took that position at the time. Why? Not because it was a war measure; not because of the time at which the problem came up, but because they wanted to hold the representation as it then was. That is the real explanation of their position.

Mr. FERGUSON: May I ask the hon. gentleman a question?

Mr. MAYBANK: If the hon. gentleman desires to put a question I will yield, as long as it is a question and not an argument.

Mr. FERGUSON: Does the hon. gentleman intimate that due to the fact the Tories did not stress the fact that there was a war on, that is a forerunner to an explanation of the actions of the government during this war, due to the fact that they did not stress that there was a war on when they brought into effect some of their most unusual orders in council; and are we to take it for granted that from now on that they are going to carry on in that manner?

Mr. MAYBANK: That question also is very easy to answer. However, it is not worth answering, and I will deal with it in another way. It is so involved and so unclear that it becomes silly and, therefore, should not be dealt with. Let us look at this compact theory which is being supposedly seriously advanced to-day by the Tory party. Let us get away from all question of what is written in certain records, of what is written in the law itself and deal only with the simple proposition that three or four provinces came together and as a result of their discussions an agreement was made and a law was passed, and, therefore, the law cannot be changed. That is the principle that the Tory party would import into the domestic constitutional politics of this country. I believe I know where they get their inspiration. They have observed, as we all have observed, the veto principle which has been incorporated into the proceedings of the united nations. Every person regrets the veto arrangement, although it is understandable why it should be there. These gentlemen of Canada's Tory party now desire to import that veto principle of the united nations into the domestic politics of Canada. It is a vicious principle and would be destructive of all possibility of progress.

One realizes upon examination how ridiculous it is. There were three organizations, one called the colony of Nova Scotia, another called the colony of New Brunswick and another called the colony of Canada; to-day there are nine provinces in a nation called Canada, and it is suggested that these nine must be consulted because an agreement was

made. In the first place the government of Alberta made no agreement; the "agreement" was made only by Nova Scotia, New Brunswick and Canada. There are only two of the makers of this supposed agreement who could be consulted at all. If you wanted to consult the three parties, whom would you consult? Would you consult the legislature which is headed by Mr. Drew, or the legislature which is headed by Mr. Duplessis? Neither one of them to-day represents the Canada of 1866. The Canada of 1866 passed out of existence. There is no continuing body that could be consulted and the practical difficulties in the way of the compact theory are insuperable in themselves.

Then take my own province. Manitoba had no hand in making the "agreement". Manitoba is in confederation by virtue of the fact that certain money was paid to a private company for the land and for the jurisdiction and for the monopolies it held over the country. That province has no right to ask for any form of consultation at all. The same is true of the two great provinces that were called the northwest territories. The territories of that time became the two provinces of Alberta and Saskatchewan. They could not make any agreement because they did not exist. They were owned, lock, stock and barrel, by the Hudson's Bay Company. The Hudson's Bay Company had jurisdiction over them as well as owning all the land. The Hudson's Bay Company passed laws for them. They certainly made no agreement about coming in, so how could they be consulted?

If it be said that these three provinces by reason of their being brought in as provinces were granted the same rights as the other provinces, I would say that is correct. But the word "rights" imports a legal enactment, imports something written down, some record that is discoverable some place. So far as the compact theory advocates in this house have shown there is certainly no law granting a right of consultation. They say there is no law granting this right, but there ought to be. That is virtually their position. These three provinces have come in with all the rights of the other provinces, but they get only the rights that there are in law. After hearing the dissertation of the Minister of Justice (Mr. St. Laurent) last evening and of the hon. member who just sat down a short time ago, it would seem to be clear that there certainly are no legal rights of consultation.

I do not think any person will deny that in the years just before 1867 there was an agreement. There was an agreement between outstanding men in those various colonies. The Minister of Justice quoted from an essay by Kennedy who said that they were men who transcended the institutions of which they were a part. Undoubtedly those men got together and made an agreement. But there is no evidence even there to suggest that they made an agreement providing for the colonies from which they came being consulted thereafter in the event of any change being desired. The true nature of the agreement they made on that particular point is made clear in a passage to be found in the life of George Brown, and another passage in the same book from the life of Sir John A. Macdonald. We will see the nature of the agreement with reference to representation by population if we take a glance at a paragraph in the life of George Brown which appears on page 83 in the Makers of Canada series. Dealing with something which the opening sentence does not adequately disclose and which does not matter at the moment for the purposes of the text, the paragraph reads:

> Lower Canada complained of the injustice, and with good reason.

That was the injustice of gerrymandering, as it was called, the two parts of Canada by giving them equal representation. It goes on:

> In the course of time Lord Durham's prediction was fulfilled; by immigration the population of Upper Canada overtook and passed that of Lower Canada. The census of 1852 gave Upper Canada a population of nine hundred and fifty-two thousand, and Lower Canada a population of eight hundred and ninety thousand two hundred and sixty-one. Brown began to press for representation by population. He was met by two objections. It was argued on behalf of the French Canadians that they had submitted to the injustice while they had the larger population, and that the Upper Canadians ought to follow their example. Mr. Brown admitted the force of this argument, but he met it by showing that the Lower Canadians had been underrepresented for eight years, and that by the time the new representation went into force, the Upper Canadians would have suffered injustice for about an equal term, so that a balance might be struck. A more formidable objection was raised by Mr. Hincks, who said that the union was in the nature of a compact between two nations having widely different institutions; that the basis of the compact was equal representation, and that Brown's proposition would destroy that basis. Cartier said that representation by population could not be had without repeal of the union. The French Canadians were afraid that they would be swamped, and would be obliged to accept the laws and institutions of the majority.

That was the sort of picture which these men had in front of them when they came to make an agreement and submit it to what was then called the mother parliament. And later, respecting it, Sir John A. Macdonald said:

> The vexed question of representation by population was solved in a manner justly styled by Macdonald "equally ingenious and simple" since it granted this much desired boon without joining thereto his bugbear of manhood suffrage.

"By adopting the representation of Lower Canada as a fixed standard," he said, "as the pivot on which the whole would turn—that province being the best suited for the purpose, on account of the comparatively permanent character of its population, and from its having neither the largest nor the least number of inhabitants, we have been enabled to overcome the difficulty I have mentioned. We have introduced the system of representation by population without the danger of an inconvenient increase in the number of representatives on the recurrence of each decennial period. The whole thing is worked by a simple Rule of Three. For instance, we have in Upper Canada 1,400,000 of a population; in Lower Canada, 1,100,000. Now, the proposition is simply this, if Lower Canada with its population of 1,100,000 has a right to sixty-five members, how many members should Upper Canada have, with its larger population of 1,400,000? The same rule applies to the other provinces, the proportion is always observed and the principle of representation by population carried out. If an increase is made, Lower Canada is still to remain the pivot on which the whole calculation will turn."

Those two passages show the difficulties of those days, and Macdonald's clear statement afterwards shows that what they were agreeing upon was a principle, not a particular clause in a law such as the law we are now dealing with, which refers to a one-twentieth decrease in population before any change in the representation can be effected. They wanted to introduce the principle of representation by population, and they thought they had done it, and we found out in the course of time that they had not done it. All that it is desired to do now is to return to the condition in which the fathers of confederation thought they had left this country. There is no more to the proposal before us than that, to adhere to the general principle of representation by population, mitigated in respect to certain sections by certain constitutional changes we have already made granting a degree of territorial representation.

I will go so far as to say that I do not think there is any part of the constitution that requires consultation of provinces by this parliament before it votes an address to the British parliament for a change in the British North America Act. There is no part of our constitution in my opinion where that would be legally necessary. I think the Minister of Justice (Mr. St. Laurent) gave a complete answer to the argument for the need of protection of minorities in this country when he spoke last night. I would not deny and I do not think anyone would deny the wisdom of consulting the provinces when a matter may be dealt with which affects their rights particularly. I do not think any person would deny that. It would be the part of wisdom to consult them just as they were consulted a few years back when the dominion took over by virtue of a constitutional change the power to legislate with respect to unemployment insurance. The Prime Minister at that time carried on a lengthy series of negotiations by way of consultation with the provinces, and after a satisfactory condition of assent had been received all round, he was able to recommend the appropriate resolution to result in legislation by this house. That is an example of the wisdom of proceeding in that way, against an absolute right of consultation.

Having regarded this matter from the viewpoint of the practical difficulties in the way of consultation; practical difficulties in the way of what is called the compact theory, I conclude with this. I agree entirely with what several speakers have said, particularly the speaker just before me, in reference to amending the British North America Act in Canada. I am, you know, in fiscal matters in favour of as easy an importation policy as possible, and I think we ought to signalize our belief in almost free importation by importing the British North America Act itself into this country. I think that the sooner we do that the better. I have spoken on this subject before. I think it is most outrageous and an anachronism that this parliament should have to be sending over to the old country saying: "Please pass this law for us." It is not merely derogatory of our own dignity but it is definitely insulting to the ideas of dignity of the parliament at Westminster. I think it is an effrontery on the part of this country to continue to use the parliament at Westminster as a chore boy. It may very well be that this debate will have the result of bringing some relief in that respect. It may very well be that this country will see that its present way of attempting constitutional change cannot be continued. I am not in a position to say at the moment what would be the right way in which this country should proceed from now on to amend its constitution. It might begin by allowing matters to develop, just as the British methods of legislation have grown over there. That is not so important at this moment. The main thing is to take on the authority and the power to amend our own constitution, and not to keep going on these constant pilgrimages to Westminster that have been necessary whenever changes in our constitution were desired.

I have always been impressed with the suggestion made by the Right Hon. Mr. Lapointe. His view was that we might effect an amendment to our constitution by a two-thirds majority vote of the provinces. He thought that should be sufficient to carry an amendment of the constitution in anything except

racial and religious matters, but in the case of an amendment trenching upon these two subjects there would have to be unanimity. Well, that seems to me to be a pretty reasonable way of proceeding, a fairly reasonable formula. However, I am not wedded to any particular formula, but I am very strongly in favour of the idea that Canadians had better begin to act as members of a nation, and not members of a colony as we were in 1867, and that we should do our own work hereafter, and not keep passing it over to Westminster after long debates of this sort.

(Translation):

Mr. PAUL EDMOND GAGNON (Chicoutimi): Mr. Speaker, the redistribution proposal that is now before us seems to be something in the nature of an act of munificence and generosity toward some provinces, and especially Quebec. The latter is told: you will have eight more members. However, the constitution must first be amended and for that purpose a procedure which I deem improper and irregular is being resorted to. The British North America Act is considered by the government as an ordinary legislation which can be amended at will and according to the whim of the party in power. It is now desired to amend its provisions so as to give Quebec a few more members, but at some future time it will again be amended to her detriment. That is an unfair procedure as well as a serious blow to national unity.

The provinces, which were parties to the federal covenant, are not consulted while Westminster, which has nothing to do with our affairs except to play the part of the notary who certifies a document, in the words of the Right Hon. Ernest Lapointe is called upon to give its consent to the proposal. The London government is to change our constitution and the provinces will have to abide by its decision.

It is perhaps imagined that the granting of a few more members to Quebec will silence the legitimate claims of those who, in that province, believe that confederation is more than an ordinary piece of legislation but a treaty, a covenant which cannot be altered without the consent of the contracting parties. The stand taken by the province of Quebec is clear-cut and logical. If, because she found it momentarily advantageous, she agreed to the principle implied in the act which the right hon. Minister of Justice (Mr. St. Laurent) has brought to our attention, the other provinces would consider her to be making a mere show of sincerity, and her behaviour would mean that she is prepared to allow the central government to change the constitution whenever such change is to her advantage and that she will oppose a change only when it is of benefit to others.

She would be an accomplice in sabotaging the achievement of the fathers of confederation and her attitude would bear out her belief that the British North America Act is a mere bauble in the hands of the Ottawa centralists.

Confederation has been a compact between the provinces; it has been one, especially, between the two races in this country. The fathers of confederation were the first to say so.

(Text):

Speaking in the house on February 3, 1865, Sir John A. Macdonald, in introducing the resolutions adopted at the Quebec conference, referred to what he called the "treaty of union" which had taken place. Sir John further said:

> The government desire to say that they presented the scheme as a whole, and would exert all the influence they could bring to bear in the way of argument to induce the house to adopt the scheme without alteration, and for the simple reason that the scheme was not one framed by the government of Canada, or by the government of Nova Scotia, but was in the nature of a treaty settled between the different colonies, each clause of which had been fully discussed and had been agreed to by a system of mutual compromise.

On February 6, in the legislative council, Hon. Alexander Campbell referred again as follows to the scheme, which was not the work of the government alone, but that of delegates of all the other provinces. "It was the result of deliberation, accommodation and compromise," he said.

On February 6, Sir John A. Macdonald further said:

> As I stated in the preliminary discussion, we must consider this scheme in the light of a treaty.
>
> I trust this scheme will be assented to as a whole. I am sure this house will not seek to alter it in its unimportant details and, if altered in any important provisions, the result must be that the whole will be set aside and we must begin de novo. If any important changes are made, every one of the colonies will feel itself absolved from the implied obligation to deal with it as a treaty. Each province will feel itself at liberty to amend it ad libitum so as to suit its own views and interests.

On February 8, Hon. George Brown, resuming the debate on the resolutions, said:

> This scheme cannot be carried and no scheme can be, that has not the support of both sections of the province. . . .(Ontario and Quebec).
>
> It was necessarily the work of concession; not one of the thirty-three framers but had, on some points, to yield his opinions.

On February 9, Hon. D'Arcy McGee went further and said:

There may be no doubt about our position in regard to that document. We say, question it you may, reject it you may, or accept it you may, but alter it you may not. It is beyond your power or our power, to alter it.

Mr. MacNICOL: Beyond whose power, if I may ask?

Mr. GAGNON: The power of the federal government. He continued:

There is not a sentence, aye, or even a word you can alter without desiring to throw out the document. . . .

I repeat, after all my hon. friends who have already spoken, for one party to alter a treaty is, of course, to destroy it.

All the fathers of confederation who supported the resolution in the house, namely, Langevin, Cartier, Galt, Brown, Taché and others, made similar assertions.

(Translation):

Let us now turn to the testimony of British jurists and statesmen:

Lord Carnarvon, who has been called the "draftsman of the Act of 1867" solemnly stated, on second reading of the bill in the House of Lords:

"That the British North America Act must be considered as a treaty."

In Montreal, at the occasion of a banquet in his honour, Lord Carnarvon also stated:

(Text):

I believe it would be the opinion of the highest tribunal that your federation act is not to be construed merely as a municipal act; it is to be viewed as a treaty.

(Translation):

I quote from the report on the B.N.A.A., annex 4, page 149. Mr. Adderley, British under-secretary of State said:

It is a treaty which has only been ratified by the imperial parliament.

Professor Keith also states:

The constitution is a compact which cannot be amended without the consent of the federal government and the provinces.

(Text):

In 1930, during the imperial conference held in London, England, in October, the provisions of the proposed statute of Westminster were discussed. Hon. Howard Ferguson was then premier of Ontario. In a strongly worded dispatch he expressed his opposition to the adoption of the statute of Westminster by the dominion—

without consultation with and approval by the provinces on the ground that the statute was in effect an amendment of the British North America Act, and that this act was a compact between the provinces and as such could not be amended without their consent.

Hon. Alexandre Taschereau, then premier of Quebec, seconded Mr. Ferguson in unequivocal terms.

(Translation):

On page 108 of his book entitled "Problems of Canadian Sovereignty" Mr. Maurice Ollivier comments as follows on this statement:

This decision of the imperial conference gave recognition to the fact that the constitution is founded on a pact entered into by the provinces which must be consulted when a suggested amendment to the constitution concerns them.

Let us now hear from the privy council:

In 1914, Viscount Haldane stated that the British North America Act—

. . . must be accepted as a treaty of union amongst the provinces.

When the aviation case was under study in 1932, Lord Sankey also claimed that it was a contract.

In 1935, when Lord Atkin made known the ruling of the judicial committee of the privy council concerning social legislation, he declared:

(Text):

That no one can doubt that his distribution of power between the legislatures and the federal parliament is one of the most essential conditions, probably the most essential condition, in the interprovincial compact to which the British North America Act gives effect.

(Translation):

Now let us examine some of the views expressed by Canadian statesmen and jurists. In 1883 Sir Wilfrid Laurier stated:

I repeat, each time that this parliament (Ottawa) succeeds in depriving a province of a right which it holds, no matter how insignificant such right may be, it is a step further along the path leading to legislative union.

On November 24, 1871, he declared:

It is an historical fact that the federal form of government was adopted solely in order that Quebec might retain the exceptional and unique position which it occupied on the American continent.

Honourable Justice Mignault said:

The British North America Act is merely the legalization of a pact entered into by the provinces.

Honourable Justice J. T. Loranger declared:

The confederation of the provinces was the result of a pact and the imperial parliament merely ratified it.

On April 7, 1884, Hon. Honoré Mercier declared in the legislature:

The provinces came into existence before the dominion, and it is from them that the latter received its powers. The provinces enjoyed the responsible government of 1867; they had their legislatures, their laws and the full autonomy inherent in a colony.

They are sovereign within the limits of their powers, and any attempt to interfere with that sovereignty is a violation of the federal pact.

(Text):

Speaking in Toronto in 1925, the Right Hon. Arthur Meighen said:

The pact of confederation is undoubtedly a contract.

(Translation):

On February 24, 1930, the Hon. R. B. Bennett said in the House of Commons:

(Text):

The British North America Act is a treaty, a pact made between four provinces.

Furthermore, the royal commissioners of the royal commission on dominion-provincial relations of 1937 make, in their report in 1941, frequent allusions to the confederation pact and the compromises agreed upon in 1867. They expressed their admiration for the splendid work carried on by the fathers of confederation. Let me quote what is found at page 9 of the second volume of their recommendations:

In the course of our work we have come to appreciate as never before the achievements of the fathers of confederation. Not only did they devise an instrument of government which has successfully withstood the test of seventy years of rapid and in large part quite unpredictable change, but they secured assent to the adoption of this instrument under circumstances which, in the minds of some, have given it the same sort of sanctity that the most solemn treaty might possess. By their achievements they laid the foundations of national unity and of the federal system, both of which our instructions enjoin us to respect.

(Translation):

Hon. Ernest Lapointe, said in the House of Commons, in the course of a speech on this question:

(Text):

If our constitution is to be considered as a treaty, surely we cannot alter its provisions without at least seeking the consent of the other parties to that treaty.

Now has it been considered as a treaty? I heard it suggested some time ago that this idea at confederation of a treaty is an antiquated idea. Maybe it is. But the truth does not cease to be truth when it gets old. An old truth is always true. You cannot prevent facts from being facts whether you like them or not.

(Translation):

Here is what Sir Wilfrid Laurier said, in 1907:

(Text):

Confederation is a compact, made originally by four provinces but adhered to by all the nine provinces who have entered it and I submit that this compact should not be lightly altered.

[Mr. Gagnon.]

(Translation):

About the same time, Sir Robert Borden had this to say, on the same subject:

(Text):

Inasmuch as this (our constitution) is a federal compact which we are asked to vary, it is only right that each province should be consulted in its decision given, in the right of its separate entity.

(Translation):

In his handbook of parliamentary law, His Honour Justice Mignault, after showing that Canada is a federal union, added: "Confederation is but the fulfilment of a pact entered into by four provinces."

Have all those jurists and statesmen erred, and is their opinion unsound to-day because this government holds opposite views? I, for one, prefer to rely on the testimonials of the builders of confederation rather than upon the arguments of people who are bent on destroying it, and who, especially since the war, have done so much to undermine its essential foundations.

Reverend Father Louis Lachance, O.P., has said:

Every constitution, except in cases where the instinct of savagery must be repressed through the use of force, is necessarily a contract.

If the consent of the provinces was needed for the establishment of confederation, it follows that the constitution cannot be amended without their concurrence. May I quote for the benefit of those who claim that the constitution is just an ordinary piece of legislation, what Mr. Leo Pelland had to say in a March 1936 issue of *L'Action Catholique*:

What is a legislation based upon an agreement, a compromise, and retaining some of the features of such agreement and compromise, if not a legislation having a clearly contractual character?

Mr. Maurice Ollivier has made the following statement at page 68 of his book "Problems of Canadian Sovereignty":

Those who hold that our constitution is a contract are on quite safe ground, and they can easily find, throughout our history, outstanding men who have shared their views or used the term "federal pact."

Confederation is a contract between two races and, as was so forcibly stated by Father Richard Arès:

If there exists to-day a Canadian confederation rather than a centralized state, it is first and foremost because of the explicit will of Lower Canada.

Upper Canada preferred a legislative union.

An English-speaking Canadian, Mr. John Boyd, had this to say in his book "Sir Georges Etienne Cartier, Baronet":

Without Cartier, Quebec's assent to the union would certainly have been impossible to obtain, and without Quebec confederation would never have been more than a noble dream.

The provinces are deprived of a sacred right when the constitution is amended without any previous consultation with them.

At the present time Quebec is not willing to barter away her rights for eight, ten or event twenty seats in this house. Respecting as she does the rights of others, she wants the rights conferred to her by the constitution to be respected. Jealous of her prerogatives, she does not want to be frustrated by any government in this country. We ask for no privileges, we want no special favours, but we insist upon the full implementing of the provisions of the constitution.

Mr. PINARD: Would the hon. member allow a question?

Mr. GAGNON: Surely.

Mr. PINARD: If the hon. member intends to vote against the motion, does he realize that he will probably be the only French-speaking member to do so?

Mr. GAGNON: I shall point out to the hon. member for Chambly-Rouville (Mr. Pinard) that the stand I take is consistent with the principles I advocate and I shall defend my stand even were no other member of the house to support me.

Mr. COTE (Matapedia-Matane): Hear, hear!

Mr. GAGNON: I continue. We claim no special privileges, no special treatment, but we insist on the full conformance to the clauses of the constitution and, above all, we do not want the spirit in which the discussions on the confederation pact were conducted to be ignored. The end does not justify the means; encroachments do not create rights and precedents in this connection are so dangerous that we must not repeat them.

Speaking on precedents in the matter of amendments to the constitution, Hon. H. Ferguson, then prime minister of Ontario, said:

(Text):

The result of these precedents has been to undermine the constitutional right of the provinces to be consulted regarding amendments to the British North America Act. The province of Ontario holds to the view that this agreement should not be altered without the consent of the parties in it. . . .

(Translation):

It is claimed in certain quarters that it is the duty of the members of the dominion parliament to express the views and the wishes of the province which they represent at Ottawa, and that in the matter of constitutional legislation, their views prevail over those of the provincial governments. If such were the case, why not simply abolish the provincial legislatures and centralize all the powers in Ottawa? It would be easier then to set up a dictatorship?

Mr. COTE (Matapedia-Matane): Would the hon. member permit me a question? If the hon. member succeeds in convincing us, does he realize that he will thus deprive Quebec of eight seats?

Mr. GAGNON: If my hon. friend will bear with me he will find that I am not against the principle of granting eight or ten additional members to the province of Quebec; I am against the proposed method of achieving this result. Most assuredly it is the duty of the members of the dominion parliament at Ottawa to deal with federal matters, as defined by the constitution, but it is untrue to claim that they have authority to amend the constitution itself.

If the representation of the province of Quebec is to be increased, so much the better, and I am all for it; the price of this recognition of our rights should not be the destruction of the very foundation of our Canadian constitution.

I claim that the right to amend our constitution belongs jointly to the provinces and to the dominion.

The London parliament only ratifies decisions taken here. Once again I quote Mr. Lapointe on this subject:

The British North America Act, says he, is the result of lengthy and complicated deals, and finally of a compromise which the provinces approved through their officially accredited representatives. We have, therefore, a legal agreement, drawn up in due form, and freely ratified. Hence, the power to alter our national constitution is vested in the provinces whose good will made the alliance possible and whose unanimous good will is requisite to effect any desired amendment.

As for Westminster, we might say that it merely fulfilled notarial functions when the compact of 1867 was entered into and its present duties, similar to those of the past, consist in no more than authenticating the clauses of the Canadian federal agreement.

For these reasons, I shall vote in favour of the amendment.

Mr. EUGENE MARQUIS (Kamouraska): It is indeed with a sad heart that I rise to speak after the regrettable speech just spoken by the hon. member for Chicoutimi (Mr. Gagnon).

Mr. GAGNON: Don't be sorry for **me.**

Mr. MARQUIS: The hon. member is perhaps not sufficiently aware of his responsibilities to feel sorry about it. But when he pits himself against the recognized right of fair representation in this country, he should realize that we have to feel sorry in his stead.

It had not been my intention, Mr. Speaker, to share in this discussion, for in marshalling arguments from this country's foremost constitutional and political authorities, the speeches you have heard so far made it unnecessary for me to take part in this debate. This resolution is so clearly based on justice that its discussion should have appeared unnecessary and it should have carried without comment or opposition. Until this afternoon however, the debate had remained on a plane and within bounds worthy of admiration.

The advocates and opponents of the measure have gone into the constitutional and the legal aspects of the matter, and have reviewed it from the standpoint of justice and common sense, with such skill and logic that I feel the voice of Chicoutimi should have remained silent. It is also because I am from the lower St. Lawrence region that I should not like to give the impression that this voice, however pleasant, expresses the feelings and the thoughts of our people.

This resolution concerns not only the premier of Quebec and his followers, but every Canadian citizen. It involves constitutional law and is highly important from a national standpoint; it is in the first place a measure of fair play. I wish to pay special tribute to the right hon. the Minister of Justice (Mr. St. Laurent) who has dealt masterfully with this question with the calm and the competence of an eminent statesman.

This resolution is based upon law and justice. I shall not enter into legal technicalities; I shall not attempt to recall utterances of past and present statesmen or to quote the sections of the constitution. Such quotations have been numerous during this debate. However, if we examine the quotations submitted to the house, we find that, on the whole, the authorities on parliamentary law hold that the dominion, in matters coming within its purview, is not subservient to the provinces in regard to the amendments or adjustments to be made to the constitution. It is necessary to distinguish between external sovereignty and internal sovereignty, as it were. In regard to the administration of provinces, to their own jurisdiction, undoubtedly no Canadian government would entertain the idea of amending our constitution without consulting the provinces. But as regards powers exclusively reserved to the federal government— namely our external relations—things are different. So far as the right of the hon. member for Chicoutimi to sit in this house is concerned, it is the responsibility of his constituents. Besides, I believe the hon. member for Chicoutimi is entitled to speak for himself but not on behalf of the Hon. Mr. Duplessis. After hearing all the arguments of all those who took part in this debate and especially the speech of the hon. member for Outremont (Mr. Rinfret), whom I take pleasure in commending specially, I believe we may admit as a matter of principle so that in the matter of representation, the federal government has the undoubted right of amending its constitution, in order to redress a wrong resulting from a false interpretation of this document. However, if there were any kind of doubt—and to my mind there is none—I fail to see, if there were any doubt, Mr. Speaker, should it prevent us from acting on a matter of absolute justice? Is there a single member in this house who, prior to fulfilling a duty of plain justice, would say: I shall refrain from acting due to a technicality, to a mere doubt and I shall adopt an attitude which will prevent the interested parties from obtaining justice. Mr. Speaker, we seem to recognize unanimously that it is a matter of plain justice. This may be gathered from the statements of the hon. members for Stanstead (Mr. Hackett), Lake Centre (Mr. Diefenbaker), Eglinton (Mr. Fleming) and the hon. member for Chicoutimi admitted that this is the case. But, Mr. Speaker, if our province has an absolute right to a representation corresponding to its population, are we authorized to resort to excuses and technicalities in order to shirk our duty and deprive our province of eight representatives? Mr. Speaker, the resolution now before the House reflects completely the wishes of all the provinces. It provides for representation of the provinces on the basis of population while protecting minority groups in Prince Edward Island and the Yukon. This resolution favours representation according to population in all parts of the country, it is in the interest of Canada for it prevents any province from gaining undue advantage

to the prejudice of others. It allows all parties and all groups to express their views adequately in parliament.

The arguments set forth against the present resolution seem quite specious to me. Some say: "The measure is fair and should be passed, but not before the provinces are consulted. If any province objects to it, it cannot be passed. Therefore we shall vote against the resolution so that the provinces might be consulted and the measure thereby defeated." Such is the logic of the opponents of the resolution. They fight for an alleged principle founded neither on law nor justice to prevent the adoption of a fair and just measure.

Some hon. MEMBERS: Hear, hear!

Mr. MARQUIS: Who sounded the alarm? Who are the opposition?

Perhaps from a letter written by the Quebec premier. This brings to my mind the words from Holy Writ "The letter killeth but the spirit giveth life." The letter of the Quebec premier will kill him, because it is against the rights of the province of Quebec. Unfortunately, as a result we shall soon lose the company of the young member for Chicoutimi (Mr. Gagnon) who has listened to his master's voice. Hearing him a few moments ago, and looking at him, I said to myself: "The voice is Jacob's voice, but the hands are the hands of Esau." And that French voice from the province of Quebec has been raised in opposition to the granting of some rights to the French element in Canada and in the province of Quebec. That is why I have deemed it my duty, on behalf of the French-speaking group, who were the first to come to this country and whom we represent in this house, in the name of those among the fathers of confederation who were French-speaking, and who wanted to include in the constitution the means whereby we could obtain a fair and proportionate representation, on their behalf, Mr. Speaker, I have deemed it my duty to protest against such a treasonable act.

Some people hide behind a screen, they put on a mask, and they use the bugbear of autonomy in order to avoid facing the true situation and doing their duty. Will the autonomy of the province be better upheld if there are eight less or eight more members? Does not the value of Quebec's autonomy lie in the worth of her sons, in the endeavours of her representatives in a fair and equitable representation in this house? Does not our duty to the autonomy of the province consist in following the example of the fathers of confederation and endeavouring to protect the spirit rather than the letter of the constitution, which latter course would entail the risk of distorting it, especially in so far as the province of Quebec is concerned? The autonomy of the province of Quebec lies solely in her right of administration, of government, of management, within the exclusive limits of her jurisdiction, especially in matters of education, language and religion.

Should sections 92 and 93 and even section 133 of the British North America Act be amended without consulting the provinces. I am sure that the honourable members both on this side of the house and opposite would rise in protest against such action; they would want to prevent the spoliation of our rights and the sabotaging of the constitution, and, finally, to ward off civil war in this country. To-day we are dealing with a right which must be granted to all citizens of Canada, of whatever race, creed or language.

Mr. Speaker, as I said at the outset, I am scandalized to find that an honourable member, heeding his master's voice, should have risen in this Canadian parliament in order to prevent French Canadian influence from becoming greater and stronger in this house.

Mr. Speaker, we have been elected by people of our language, our creed and our race.

These citizens have shown their faith in us; they have given us a mandate, for what purpose? For the purpose of representing them here and safeguarding their rights. It is our right to have a representation proportionate to our population, and it is our duty to demand that right—I regret, however, that the hon. member for Chicoutimi had to leave the house before he was convinced—it is our duty to claim that right and we shall be united in trying to obtain proportionate representation for our province and also for the other provinces, according to their population.

When the question of representation in the Canadian parliament arises, when administration and internal economy or external affairs of Canada are concerned, do we, who have been elected to the national parliament, to

represent our electors and the whole of Canada, and to legislate for and safeguard the future of our country, do we have to consult Mr. Duplessis who, for political purposes, will say that we want to sabotage the British North America Act? I feel sorry for the hon. member for Chicoutimi, who will have to answer not only to his constituency but to his province and to future generations for the step he has taken to-day. He will be responsible for the gesture which, translated into words, means that the children who are called upon to replace us will have no say in the nation's business because his leader in Quebec was not consulted, and that the hon. member does not wish them to have a fair representation in the Canadian parliament.

This may be the voice crying in the wilderness, but it is not the voice of John the Baptist, patron saint of French Canadians, since the voice of John the Baptist brought prosperity and happiness to people of good will. This other voice, however, sows the seeds of sadness and death. Under the present system, Mr. Speaker, even though the population of Quebec increased to five millions while that of Ontario would be at the four million level, the latter province would still have seventeen more representatives than the former. If the provinces are consulted, one alone need dissent to deprive us from Quebec or you from British Columbia or any of the others from representation in proportion to its population.

The hon. member for Outremont has explicitly defined the issue from this viewpoint. Some hon. members opposite, realizing that consultation with their provincial colleagues from Ontario would defeat the measure, object to it on the grounds that such advice is not sought.

It gave me great pleasure to hear the sympathetic hon. member for Eglinton, but it will require more than the French section of his speech, which was very well delivered, to do justice to Quebec, as the latter is well aware. The Quebec premier simply asks that the provinces be consulted so that our lot may be settled by the premier of Ontario. If the premier of Quebec is of the opinion that the British North America Act is a treaty or a pact and that we should consult him to gain an undisputed right to eight more members, we believe that such consultation might prove dangerous and prevent the province of Quebec from securing materialization of this prerogative. But let the premier of Quebec immediately declare himself willing to amend the constitution! Thus he will not give up the right to consultation which he claims as his own nor will he prevent the province of Quebec from securing adequate representation.

The hon. member for Chicoutimi said, a few moments ago, that the province of Quebec may, at some future date, be a victim to some amendment to the constitution, although it would benefit by the change now contemplated. I wonder whether the hon. member fears that a tornado will strike the province of Quebec with such force as to decimate its population or that some other cataclysm will prevent us from maintaining our proper proportion of the total population of Canada. What is certain, however, is that the population of Quebec cannot fall to the extent of determining such a spread between the relative populations of the provinces of Ontario and Quebec, for at least two hundred years. Mr. Speaker, how could this amendment be even remotely detrimental to the province of Quebec? Its sole purpose is that of placing representation on a population basis. Quebec will never complain as long as it is given representation according to its population. I feel also that the other provinces will have no grounds for complaint if they have representation based on their respective populations. I have heard with my own ears a preposterous statement by a Progressive Conservative member for Prince Edward Island, the hon. member for Queens (Mr. McLure), who complains about this measure, although, under its provisions, his province would be granted four representatives. This hon. member was opposed to the principle of representation based on population. Nevertheless, this measure takes care to safeguard the minorities of Prince Edward Island and Yukon.

May I say here that the hon. member for Chicoutimi has spoken of centralization by the Ottawa government? The fact is that we are endeavouring to decentralize, giving to Quebec the number of members to which she is entitled. We want thereby to have more members from Quebec to take part in the management of the country.

He tells us that to-day we are being generous to the province of Quebec. We are

not being generous, we are not rewarding Quebec. We are granting it exactly what we are giving the other provinces, nothing else. He said that the province of Quebec was not to be bought with eight or twenty seats. Does the hon. member wish to imply that we, the representatives of the province of Quebec, have been paid to obtain these additional seats? And what of the hon. member for Charlevoix-Saguenay (Mr. Dorion), who sits next to the hon. member for Chicoutimi, has he been paid to support the resolution under consideration?

In conclusion he said: why not abolish the provincial legislature if it has been decided, in order more securely to entrench dictatorship in Ottawa, not to consult the provinces? Well, Mr. Speaker, dictatorship, in Ottawa, is in the hands of 245 hon. members who constitute parliament; in the next house, dictatorship will be exercised by the 255 members who will have been elected to sit here. Is representation of the people by the men of their choice to be called dictatorship? However, these members must speak for themselves and their constituents and not on behalf of members from other legislatures. As for me, I speak as member for Kamouraska. The hon. member from Chicoutimi does not speak for the electors of his constituency but on behalf of the prime minister of the province of Quebec. However, that is his own business.

We have a specific mandate and special responsibilities. We have a duty to perform here and we do have to take into account any instructions given by provincial members. As a federal Liberal member, I do not have to take orders from any provincial legislature although I am always open to suggestions and advice. But, Mr. Speaker, when members of a provincial legislature attempt to invade the field of federal legislation, I think we should be sufficiently proud and dignified, we should have, to a sufficient degree, the courage of our own convictions to defend the rights of our race and our province and to ensure their triumph.

In closing, I wish to state definitely that I shall never hide behind a screen, that I shall never seek cover behind a curtain and that I shall never shirk my responsibilities.

We now have before us a measure of the utmost importance designed to establish a representation according to population, that will be fair to all provinces. In considering this measure, mindful of my country's future, mindful of the voters of my constituency, and of my family, I feel it my duty to support this resolution as a Canadian imbued with truly national feelings.

Mr. GEORGES H. HEON (Argenteuil) (Translation): Mr. Speaker, after the grandiloquent speech of the hon. member for Kamouraska (Mr. Marquis), I was almost reluctant to address the house. However, every hon. member has a part to play under his oath of office, in accordance with the interests of his constituents. I would like as a French Canadian from the province of Quebec, to express myself briefly in French as follows on the matter now before the house.

Had it not been amply established by parliamentary debates in the last fifty years, had not that fact been brutally disclosed by several interprovincial conferences, had it not been emphasized by numerous decisions in our courts of justice, the present debate on the redistribution bill (which does away with the principle of a pivotal province which had caused so much worry to Cartier) would show luminously on what weak foundations our federal structure is built, how difficult it is to govern a country where ten sovereign parliaments are to be found in fields which have been more or less clearly allocated to them; where are to be found also racial groups of different origins and mentalities, languages and religions, with different economic problems and political creeds which cover all the ground from repulsive communism to complete centralizing socialism and even to miserly and extreme capitalism, from a broad and sincere Canadianism to an avowed imperialism, which is sometimes concealed under a more or less hypocritical internationalism, depending on whichever attitude is necessary to insure an immediate political triumph.

The numerous and excellent speches made to date on the measure now before us and which I have read with care, show conclusively the inevitable clash of these various trends of opinion. Personally—and I wish to emphasize this fact—I do not question the sincerity of all members of this house, convinced as I am that they are all eager to serve their country and their constituents well.

We must accordingly respect such divergent opinions, inasmuch as they represent the beliefs of important groups (at least, of groups which think they are important) in our country. In such a matter, it would be wise to follow the advice given by scholarly Father Simard, on page 144 of his book entitled: "Pour L'éducation dans un Canada souverain," which I beg to quote:

That fact must be taken into account in our parliamentary era. Because politics, to be effective, must enlist the cooperation of the people it follows that discussion of public questions is generalized. But weighing programs and estimating the value of social legislation are operations to be performed without injuring the respect and love which must be bestowed on men in authority, men who, in that capacity, have a right to be treated according to patriotic devotion. In that respect, our world is the saddest thing to be seen. Not only are bills and party platforms put to shreds—which is permissible—but too often are insults thrown at those who are entitled to "cult and service" as Cicero and Saint Thomas Aquinas said.

Mr. HEON: It is therefore in this light, Mr. Speaker, that I would like to deal very briefly with the problem before this house. We are asked to ratify a measure involving two great and divergent principles. The first one, by establishing representation on the basis of population, would grant, at this time, eight new members to the province of Quebec. Although the cry of "rep by pop" was first raised in this country by someone who feared French-Canadian preponderance, and although this principle may again operate against us, we cannot deny the immediate advantage of the proposal.

Our province and our compatriots will never have too many representatives in this house, if we consider particularly the veiled, but constant and crafty hostility nursed against us by certain fanatical elements, which is apparent not only in the civil service and the various federal departments, but in the committees and boards and sometimes even in this house.

These eight new members coming from Quebec after the next federal election, if the resolution is passed, might well mediate on this thought expressed by the same Father Simard, whom I quoted a moment ago, on page 155 of his book:

> Were you to ask me now what should be said and done in parliament, I would tell you: Come to Ottawa, please, not as foreigners or as children expecting a spanking. Be thoroughly versed in questions bearing on the common good of Canada. Hold to a uniform national creed and always place it above party slogans. In this respect, all your forefathers have sinned, the Liberals in 1905 and the Conservatives in 1912. Make it understood that Canada is both French and English and that as far as you members of the French-Canadian group are concerned, you will never divide on the three following points: freedom for our faith, freedom for our culture, a happy relation between the central and provincial authorities.

I quote further:

> You may discuss the means of implementing this threefold plan. In fact, you will cling to these things above all. Not by threatening to leave your house when your rival claims it for himself, but by establishing your rights of ownership and shouting back: "You shall not oust me from my home. If you want a fight, you will have it."

The second principle involved in the resolution bears on the procedure concerning amendments to the British North America Act which may be suggested from time to time.

Mr. LALONDE: Will the hon. member permit a question? Is he in favour of the first measure? Did he say so in his speech? Perhaps I have misunderstood him.

Mr. HEON: Nobody can deny, as I said, that the province of Quebec is gaining an immediate advantage by having eight members added to its representation.

Mr. LALONDE: You are in favour of that?

Mr. HEON: I am in favour of the additional representation, and I believe that I will be able to justify my attitude with a number of reservations.

Mr. LALONDE: I beg my hon. friend's pardon for interrupting him. I had not grasped what he meant.

Mr. HEON: My hon. friend has a right to enlighten himself. I hope that I will be allowed to express forthwith my stand on this highly contentious matter, upon which even the most prominent jurists of England and of Canada are not in agreement. In the first place, I find it absolutely ridiculous that a country such as ours should be forced humbly to pray an imperial and foreign parliament, which knows nothing or practically nothing of our political problems, to allow us to amend our own constitution. It is the weakest and the most inexcusable denial of an autonomy which exists in fact and which only an obsolete and uncalled for sentimentalism, or a dishonest concern for an immediate political advantage, prevent from freely expressing itself.

When shall we have the gumption to express our sovereignty and our autonomy by courageous and practical actions? When shall we cease to close our eyes upon the facts? Have not those tens of thousands of Canadians who made the supreme sacrifice during two world wars, in defence of freedom and of independence for the peoples of the world, gained for Canada the right to speak for herself?

An hon. MEMBER: Hear, hear.

Mr. HEON: I thank my hon. friends on the government side for approving my statement. We should have the courage of our convic-

tions; we should take advantage of this opportunity to request the imperial parliament to waive its prerogative to approve the amendments to our constitution and to surrender to us the full and exclusive right in the matter. Let us be logical. If Canada is a free and self-governing nation, we must remove the purely artificial impediments to our freedom and autonomy.

Indeed, Mr. Speaker, we should face the facts; it would be much easier for our French-speaking compatriots, in view of their mentality, to give their approval to an amendment to the British North America Act, emanating from the House of Commons of Canada and her provincial legislatures, where they have their own representatives, rather than from an imperial parliament where they have no representatives. I have said so on numerous occasions and I shall repeat it again: we should not have to ask anyone's permission; we are our own masters and the sooner we assert ourselves, the sooner we shall establish in law a situation which exists in fact and which the other nations, especially those to whom we tender a helping hand, are eager to recognize, even if only to flatter our national pride and because they are desperately in need of our assistance. Everything depends, in this respect, upon our own will, since we hold the upper hand, but our claims must be submitted with intelligence, courtesy and honesty.

Therefore the house must once more request a government which is not ours to amend our constitution. Some hon. members have referred to the procedure to be followed; several have reversed the stand which they had taken in 1943. Thus we have seen certain people who, in 1943, were in favour of amending the constitution without consulting the provinces, without securing their consent, and who now claim that the consent of the provinces should first be obtained.

Mr. LALONDE: Who are they?

Mr. HEON: If my hon. friend will see me after I have concluded my remarks I shall give him this information freely. Others who, in 1943, claimed that the consent of the provinces was required, no longer voice such views this year. It is therefore a problem which everyone must solve according to his own conscience and convictions. Invectives and reproaches which may be cast at one another for purely political reasons and to vent one's spleen against the premier of the province of Quebec, will not help to solve it. I am one of those who believe that we must respect, without necessarily endorsing the political convictions of the provincial and party leaders.

Coming as I do from Quebec, I have made an earnest effort in the last two weeks to ascertain the views of my constituents in respect of the proposed measure, and they appear to be as follows:

It is true that Quebec would have eight more members; however, if the constitution is thus tampered with, what guarantee have we that eventually we shall not be the losers? And if we do not protest against the method of amending our magna charta, even though such an amendment would result in an immediate and apparent advantage, how shall we later on sincerely and seriously protest against a proposed amendment which would be detrimental to our interests?

This is then a matter of the utmost importance, which deserves the most careful consideration before a definite and final stand is taken. Personally, therefore—and I now express my own convictions, as I consulted no one and need not consult anybody—I endorse the opinion expressed by Lord Watson, Lord Haldane and Lord Sankey in the aeronautics case, by Lord Atkin in the minimum wage case, by Professor Barriedale Keith, and especially by the writer I now wish to quote. In 1939, the Canadian Broadcasting Corporation asked professors of constitutional law in our Canadian universities to express over the air their legal opinion of the changes that should be made to the constitution. In the course of these talks, the province of New Brunswick was called upon to express its views, and this was done by Mr. Alfred G. Bailey, professor of British North American history at the university of New Brunswick. He was asked, at the same time—and this is important—to voice the official opinion of the New Brunswick government of which, I understand, the Hon. Mr. Dysart was then leader.

An hon. MEMBER: That's right; hear, hear.

Mr. HEON: I shall merely quote excerpts, for I do not wish to take up too much of the time of the house.

(Text):

The nature of the constitution, as one based on the principles of compact and consent, was formally recognized by the parliament of Canada in 1907. The Subsidy Act of that year, by which the allowances to the provinces provided in the British North America Act were to be substantially increased, was based upon the principle of consultation with the provinces. In confirmation of this principle it was acknowledged that the act of 1867 gave effect to a treaty, and that no amendment to disturb the terms of that treaty could be effected without the consent of the parties that were bound by it. The most recent recognition of the compact principle was that given by the lords of the judicial committee of the privy council, in

rendering judgment on certain legislation of the parliament of Canada, on January 28th, 1937. In this judgment reference was made to "the interprovincial compact to which the British North America Act gives effect".

Moreover, it is not irrelevant to recall that the Statute of Westminster, which gave legal effect to the national status of the dominions did not increase the legislative field of the parliament of Canada at the expense of the provinces, nor did it apply to the repeal, amendment or alteration of the British North America Act, 1867 to 1930, or any order, rule or regulation made thereunder.

(Translation):

And it concludes as follows:

(Text):

In addition, it is regarded as noteworthy that the compact principle of confederation has been generally recognized in connection with the rights of racial minorities within the dominion. Few persons, perhaps no one, would have had the temerity to suggest that an amendment to the constitution which would affect the rights of a racial minority should be carried through without the consent of that minority. On the basis of the facts that have been presented, it is maintained here in New Brunswick, that Canada is a confederation as proposed at the London conference, not a federation as proposed at Quebec. This status, it is held, determines the fact that the union is based on a compact, the terms of which cannot be amended without the consent of the contracting parties; or in other words, that Canada derives its being an authority from the provinces with imperial sanction, and that this authority is a matter of agreement between the provinces. Finally, it is deemed (by the government of New Brunswick) of vital interest to demand a strict adherence to the letter and spirit of the constitution as thus conceived.

(Translation):

That is not an opinion from the province of Quebec and it is not Mr. Duplessis who speaks. Here is the opinion of an English-speaking province which cannot be accused of political motives and which apparently thinks along the same line as some of our Quebec fellow citizens.

Other opinions which I shall not quote may be added to that of Professor Bailey, but if we read the speeches of Hon. Honoré Mercier, Sir Lomer Gouin, Hon. Alexandre Taschereau, and Hon. Maurice Duplessis, the present prime minister of the province of Quebec, we find that our constitution is a contract which may not be changed without the consent of the signatories.

Mr. LALONDE: Will my hon. friend allow me a question?

Mr. HEON: Yes, sir, with great pleasure.

Mr. LALONDE: Is it my hon. friend's opinion that it is impossible for parliament to propose or to accept amendments to our constitution without having previously consulted the provinces? In other words, is it absolutely forbidden to the dominion parliament to amend the British North America Act for any reason? Are there no cases when the federal power could amend our constitution without consulting the provinces?

Mr. HEON: If my hon. friend will only allow me to finish my speech, I think I shall cover this point in my next few remarks. I now make a distinction between legal and administrative matters which may affect our racial group.

I feel quite free to express an opinion I have always held. I don't have to pipe a different tune. I am not asking the members of this house to share this view, but it is one I have always held and which I shall continue to uphold.

Mr. LALONDE: An opinion which we respect.

Mr. HEON: Thank you, sir. By referring indeed to the principles I set out in the 1938 by-election in Argenteuil, to the speeches I made at the Conservative party convention in Ottawa in 1938, in Winnipeg before the board of trade, in Toronto on two occasions, in Montreal at the Monument National, at Victoriaville, at Carillon and on two occasions in this house in 1939, it will be seen that my views have remained unchanged. Not later than last year, during the last election, I upheld this proposition before the electors. There is logic, therefore, in my attitude toward the measure now before us, and I am not revising my opinions. Let my constituents be my judges.

The stand taken by the province of Quebec, through its present government, on the procedure for amending our constitution is also mine, and I have no hesitation in joining them on this point; I believe that in amending our constitution, we would be creating an extremely dangerous precedent, for the following reasons. And by the way, I wish to point this out to my hon. friend from Labelle (Mr. Lalonde), who is listening to me.

Mr. LALONDE: I am listening very carefully.

Mr. HEON: I am not one of those who think that the province of Quebec should entrench itself within the walls of an absolute irredentism and be adamant on questions of details as on questions of legal principles.

Is it not true that we could better show the present situation in its proper perspective by reviewing the bargainings which preceded confederation? It can not be said that Quebec is a province like the others and has no more rights than those which were granted

to the other provinces of Canada. At the time of confederation, Quebec was dealing as an equal with the other provinces and was representing a nationality more than a territorial entity. It was a compromise between two races rather than an exclusively legislative arrangement. To-day our compatriots seem to persist in this reasoning which might be expressed in the following words: You want to amend the constitution in a way that might or might not be advantageous to us, but the precedent you are creating will mean that there is no limitation in the constitution, and that you could always amend it without our assent.

We are concerned and worried about the rights that have been conferred on us and for which Cartier had to fight unceasingly; as long as no written guarantee excluding any possibility of amendment is given us that our rights shall forever be safeguarded as regards religion, language, customs and culture, and administration based on our financial, economic and cultural requirements as a race, we shall have to resist any proposed amendment to our constitution, because once we are headed along that path no one can tell when we shall stop. Could we not make the following suggestion: Consult us officially or otherwise, but consult us; you will obtain our approval upon whatever course is likely to help this country, but consult us, because we are one of the parties to the pact; we signed it honestly and generously. Be as honest and generous in requesting our consent to the amendments you are seeking.

To my mind, no political matter is involved in the proposition now before us and I dismiss the political angle altogether; it is rather a recurrence of the old problem of the right which the provinces who were parties to the pact have to concur in the constitutional amendment which is proposed.

There may be an immediate political advantage in the measure now contemplated, and this advantage will remain, provided our birth rate is maintained and provided we are not at some future time overwhelmed by a tide of immigration into our midst. However, should we countenance the precedent alas already established, that the British North America Act may be amended without the consent of the contracting parties, who knows but that some day a hostile group or government will not avail itself of the precedents which we have established, and change the compact to our detriment?

For, after all, there is no provision in the British North America Act to protect us against this movement of hostility. The act makes no difference between purely administrative matters and others that we consider essential to our free development. Therefore let us at once take a definite stand. Let us say to our English-speaking fellow-citizens: Give us the solemn and written assurance that you will not prevent the expansion of French-speaking Canadians throughout the country; steep yourselves in the spirit which guided the fathers of confederation, and all will be well. You wish us to preserve national unity? We are ready and willing to do so; but please respect the spirit of the confederation compact. We are your loyal partners, but never forget that a partnership cannot endure or prosper unless its members preserve harmony and frankly and openly cooperate in the success of the undertaking. In conclusion, may I point out that last night in this house, the right hon. Minister of Justice, after admitting that from the legal point of view, section 133 of the British North America Act, bearing on the rights of the French language, could be settled—"dealt with" is used in the English text—without the consent of the provincial legislatures, spoke most eloquently of the intrinsic guarantees of human conscience. If we could forever be assured that the conscience of humanity would always remain as fair as that of the hon. members of this house, if we could, without fear, take it for granted that this same human conscience would always be guided by the uprightness and integrity which are the characteristics of our present leaders and particularly of the right hon. Minister of Justice, we might feel entirely secure in depending on it.

Unfortunately, the annals of history afford us too little assurance in that respect and record too many capricious and sudden changes of front in this same human conscience. To its eternal shame, the conscience of humanity, too often stirred up by agitators devoid of all sense of remorse or honour, opened the lengthy history of Christianity by crucifying Christ, martyrizing its apostles and disciples, and burning Joan of Arc at the stake; in modern times, it has begotten two world wars and may be sowing the seeds of a third.

Ask Poland, the small Balkan states, the masses of India and China, and the famished populations of Europe what they think of the conscience of humanity. And in our own country, what did it achieve under the guidance of certain leaders? It tolerated the hanging of the leaders of the rebellion of 1837 at Pied-du-Courant, in Montreal; it saw the exile of our present prime minister's grandfather who wanted to establish responsible government; it witnessed the hanging of Louis

Riel; the shameful trial of Honoré Mercier, the violation of the spirit of confederation in the settlement of the school question in Manitoba, the infamous rule 17 of Ontario school laws, the acts of the Anderson government in Saskatchewan and the staccato of machine guns in the streets of Quebec in 1917.

Considering all these facts, and speaking strictly for myself under my responsibility as a private member, and because I belong to the French-Canadian minority, I prefer the security and the guarantee of a statute held as sacred, to the goodwill of the future generations who will come after us in this house and to the human conscience which might inspire their acts.

There is an amendment before the house, and I do not have to look for its motives; it calls for previous consultation with the provinces; it represents my opinion on this point, and I will support it.

Mr. R. H. WINTERS (Queens-Lunenburg) (Text): In the few minutes remaining before six o'clock I should like to refer briefly to the remarks made on redistribution by the Minister of Agriculture (Mr. Gardiner) on Thursday, June 13, at page 2473 of *Hansard*. In this speech the minister replied to certain statements made by the hon. member for Cumberland (Mr. Black) and dealt at some length with conditions in the maritime provinces. In many respects his statements about the maritimes were correct, and I know the minister had no intention of being derogatory. The spirit of his remarks was constructive, and, knowing him as I do, I am certain that what he said about the maritimes was meant to be in a friendly and helpful vein. However, he made several statements which gave rise to the impression that the maritimes do not stand on their own feet. The unfortunate thing is that some local maritime papers chose to interpret these remarks as being derogatory. In an editorial, dated June 17, 1946, the Halifax *Herald* dealt with the minister's remarks and emphasized the fact that he accused the maritime provinces of lacking vision and initiative. It classifies the minister's statement with those made a few years ago by the minister's predecessor from Saskatchewan who said:

> The chief ambitions of the maritime people were birth, marriage, death and a free ride on the intercolonial railway.

Mr. MacNICOL: Who said that?

Mr. WINTERS: Mr. Dunning. Most emphatically I do not wish to adopt a provincial stand on behalf of the maritime provinces. I for one have always deplored that attitude and have said so in this house. Neither is it the feeling of the majority of people in the maritimes, that they want to be provincial. They are Canadians and they want to be regarded as Canadians in every sense of the word. On the other hand, they want equally to enjoy all the benefits of Canadian citizenship on the same basis as Canadians eleswhere in Canada.

I think this house will agree history shows that maritimers, man for man, have been able to stand on their own feet in Canada or in any other country on the same basis as their fellow-Canadians. While I do not deny that vision and initiative are required wherever success is to be achieved, our problems do not all lend themselves to solution by this simple formula.

At page 2478 of *Hansard* the minister said that if we in the maritimes had the kind of vision as to what this country can become, we can have plants running twelve months a year. In the field of manufacturing I have known of many instances where we have been able to compete on even terms or better with our central Canadian competitors in the production of commodities.

On motion of Mr. Winters the debate was adjourned.

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

Thursday, June 20, 1946.

The house met at three o'clock.

PRIVILEGE

MR. KNOWLES—TYPOGRAPHICAL UNION AND SOUTHAM NEWSPAPERS LABOUR DISPUTE

Mr. STANLEY KNOWLES (Winnipeg North Centre): Mr. Speaker, I rise on a question of privilege. Yesterday I directed a question to the Minister of Labour with respect to the typographical dispute. The minister's reply, which is recorded on page 2633 of *Hansard*, reads in part as follows:

> The typographical union insists that its own general rules, including local union rules, must become a part of the collective agreement with every employer with whom such agreement is negotiated. One provision of the general rules of the union is that such rules are not subject to arbitration.

Some hon. MEMBERS: Order.

Mr. SPEAKER: Order. The hon. gentleman's statement of the question of privilege should be brief and to the point.

Mr. KNOWLES: I am stating it as briefly as I can. I am simply reading one paragraph of the minister's statement which I regard as giving me a right to raise a question of privilege. The rest of the paragraph reads:

One provision of the general rules of the union is that such rules are not subject to arbitration. In view—

Mr. SPEAKER: The hon. gentleman is out of order.

Mr. COLDWELL: The hon. member for Winnipeg North Centre had risen to a question of privilege and I did not hear Your Honour refuse to hear that question of privilege.

Mr. SPEAKER: I asked the hon. gentleman to follow the rules of the house and to state his question briefly and to the point, and he started to repeat what he had previously said.

Mr. KNOWLES: My question of privilege refers to the fact that the minister made a statement, which I was endeavouring to quote, in which he claimed that the union's laws are in conflict with the labour relations regulations. That is not so. My point of privilege is that ever since January 31 the proposed typographical union agreement has included these words:

—except in so far as arbitration and the results thereof are compulsory under Canadian law.

Some hon. MEMBERS: Order.

Mr. SPEAKER: I would ask the hon. gentleman to resume his seat. That is not a question of privilege.

Hon. HUMPHREY MITCHELL (Minister of Labour): I would like to rise on a question of privilege and say that my hon. friend is playing low politics.

Some hon. MEMBERS: Order.

Mr. SPEAKER: Order. Presenting reports by standing and select committees.

Mr. KNOWLES: On a question of privilege, I insist that the Minister of Labour withdraw the statement he made that I am playing low politics. I am just placing on the record—

Some hon. MEMBERS: Order.

Mr. SPEAKER: I believe I have been very generous with the hon. gentleman in permitting him to make his statement.

Mr. COLDWELL: I would point out that my hon. friend is drawing to the attention of the house a statement made by the Minister of Labour which he claims is a reflection upon what he himself had said.

Mr. SPEAKER: I have already told the hon. gentleman that he is out of order.

Mr. COLDWELL: This is another point of order entirely. The Minister of Labour accused my hon. friend of playing low politics. That is against the rules of the house, and I ask the minister to withdraw it.

Mr. MITCHELL: I will withdraw it and say that my hon. friend was playing high politics.

Some hon. MEMBERS: Oh, oh.

Some hon. MEMBERS: No.

Some hon. MEMBERS: Withdraw.

Mr. SPEAKER: I hope hon. members will help the Speaker keep decorum in the house and preserve its dignity. I have already said that the hon. member did not have a question of privilege. He has stated what he thought was a question of privilege, and I would now ask the house to resume its business.

Mr. COLDWELL: The Minister of Labour said that the hon. member was playing low politics. He now says that he was playing high politics, and I ask the minister to withdraw those words.

Mr. MACKENZIE: "High politics" is quite parliamentary.

Mr. MacINNIS: The Minister of Labour cannot act the buffoon and get away with it. He is doing too much of it.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

AGRICULTURAL IMPLEMENTS

Mr. McLURE:

1. Has the wartime prices and trade board taken regular inventories of agricultural implements manufactured by Canadian manufacturers?
2. If so, what stocks of standard farm implements were on hand in implement company warehouses in Canada during (a) May and June, 1945; (b) May and June, 1946?
3. What was the volume of distribution of agricultural implements to retail dealers during (a) the months of April and May, 1945; (b) April and May, 1946?

Mr. MAYHEW:

1. Yearly inventories of agricultural implements have not been required from Canadian manufacturers since 1944.

2 and 3. Information not available.

RADIO BROADCASTING—ADVERTISING PROGRAMMES

Mr. DIEFENBAKER:

1. Has the Canadian Broadcasting Corporation banned or refused advertising programmes offered to it at any time during the past year?
2. If so, which programmes were banned or refused?
3. Why was each refused?
4. By whom was the decision made in each case?

Mr. McCANN: I understand that the hon. member for Lake Centre (Mr. Diefenbaker) has already been supplied with the informa-

tion asked for in this question. If that is so, would he be good enough to withdraw his question?

Mr. DIEFENBAKER: I received a letter from the Canadian Broadcasting Corporation giving me in confidence some information. I suggest that the question be allowed to remain on the order paper because, while the information I received was accepted in confidence, it is no answer to the question.

Question stands.

HOUSING—SASKATCHEWAN

Mr. McKAY:

1. How many houses (a) have been constructed; (b) are under construction, in Saskatchewan under terms of the National Housing Act?

Mr. McILRAITH: Figures are not available to show numbers of houses constructed or under construction at a given date. However, the following loans have been approved for home owners and builders for sale under the National Housing Acts in the province of Saskatchewan up to May 31, 1946:

	Approved Loans	Residential Units	Total Amount of Loans
National Housing Act, 1938	91	162	$ 446,351
National Housing Act, 1944	205	205	875,500
Total	296	367	$1,321,851

FOREIGN EXCHANGE CONTROL—SPECIAL EXCHANGE FUND ACCOUNT

Mr. ADAMSON:

1. What was the sum realized from transactions in gold of the special exchange fund account of the foreign exchange control board, for the fiscal years of 1941, 1942, 1943, 1944, 1945? How is this revenue derived?

2. What revenue accrued from the marketing charge of thirty-five cents per ounce on gold bullion received from Canadian producers for the years 1935 to 1945 inclusive?

Mr. MAYHEW:

1. The following figures giving revenues from transactions in gold by the foreign exchange control board are taken from the report of the board tabled in the House of Commons on June 5, 1946:

Calendar Year	Amount
1941	$ 8,503 42
1942	-65,255 49*
1943	263,757 17
1944	113,502 01
1945	270,013 98

* This was a temporary book loss reversed in 1943.

Gold is carried on the books of the exchange fund at a price based upon the realizable value in New York which allows for shipping expense and handling charges made by the United States government. Opportunities arise from time to time to sell gold to other countries at a slightly more favourable price and these earnings arise from this source.

2.

Fiscal Year ended March 31	Amount
1935	$ 308,106 16
1936	663,955 17
1937	924,002 10
1938	1,063,379 88
1939	1,279,494 35
1940	1,047,466 97
1941	1,052,251 25
1942	1,018,804 68
1943	1,084,227 73
1944	1,191,617 90
1945	961,276 87

R.C.A.F.—AIRCRAFT

Mr. McLURE:

1. Does the present air strength of the R.C.A.F. include any jet planes?

2. If so (a) how many and where are they stationed; (b) what is their maximum speed; (c) what is their armament; (d) what is the name and model of these planes?

3. If not (a) has the R.C.A.F. any jet planes on order; (b) will they be manufactured in the United Kingdom or the United States of America?

4. Does the present air strength of the R.C.A.F. include modern high-speed fighter planes?

5. If so (a) how many; (b) what models; (c) of what speed and armament?

6. Does the present strength of the R.C.A.F. include any heavy bombers?

7. If so (a) how many and where are they stationed; (b) what models, and what is their speed, armament and maximum bomb-carrying capacity?

Mr. McLURE: Mr. Speaker, I have received an answer privately to this question, and I therefore ask that it be dropped.

Question dropped.

RADIO BROADCASTING—EDUCATIONAL BROADCASTS

Mr. KNIGHT:

1. What fraction of the cost did the province of Ontario pay to C.B.C. of putting on educational broadcasts over Ontario stations on the Monday, Tuesday, Wednesday and Thursday series during the years 1942-1946 inclusive?

2. Who pays the cost of the broadcasts by C.B.C. of Radio College?

3. If the cost is shared, what proportions are contributed by (a) the province of Quebec; (b) the dominion?

4. What are the proportions of expense of the C.B.C. educational broadcasts over Saskatchewan stations borne by (a) the Dominion of

Canada; (b) the province of Saskatchewan, in regard to the broadcasts in which they share expenses?

Mr. McCANN: Mr. Speaker, I am given to understand that this question has been asked before the committee on radio broadcasting and will be answered there. If that is so, would the hon. gentleman be content to withdraw the question?

Question dropped.

PRINCE EDWARD ISLAND CAR FERRY

Mr. McLURE:

1. On what date will the new Prince Edward Island car ferry *Abegweit* be ready for service?

2. Are the present docks at Tormentine and Borden sufficiently large and properly equipped to berth a vessel of the *Abegweit's* dimensions?

3. Will the present Prince Edward Island car ferry *Prince Edward*, be retained on the Borden-Tormentine run for handling freight after the *Abegweit* is put in service?

4. If not, what will be done with the present crew of the *Prince Edward?*

5. What is the size of the present crew of the *Prince Edward?*

6. How many men will be required for the *Abegweit?*

Mr. CHEVRIER: In so far as the Department of Transport is concerned:

1. Late this fall.

2. Yes.

The Canadian National Railways, who are the operators of the service, advise as follows,—

3. Will depend upon the necessities of the situation from time to time. Intention is to keep the *Prince Edward Island* available for use if needed.

4. Present crew of *Prince Edward Island* will take service on *Abegweit.*

5. Seventy-three.

6. Cannot finally determine until completion of *Abegweit* is further advanced.

FUEL CONTROL—IAN MACLAREN

Mr. GILLIS:

1. Does Mr. Ian MacLaren hold a position with the Canadian Fuel Control Board?

2. If so (a) when was he appointed; (b) what salary is he paid; (c) what was paid him by way of expenses from date of appointment to June 15, 1946?

3. Is he connected with any coal company? If so, what company?

Mr. McILRAITH:

1. No. But Mr. MacLaren is associate coal controller.

2. (a) He was appointed associate coal controller effective June 8, 1943, under authority of order in council P.C. 5283, dated July 2, 1943.

(b) Mr. MacLaren receives no salary.

(c) $2,705.20.

3. Yes. Mr. MacLaren is president of the Rochester and Pittsburgh Coal Company (Canada) Limited, Toronto.

QUESTIONS PASSED AS ORDERS FOR RETURNS

CANADIAN NATIONAL RAILWAYS

Mr. McCUAIG:

1. What is the total capitalization of the Canadian National Railways system?

2. What was its total liability when taken over by the Canadian government?

3. What was the total amount paid to Mackenzie and Mann and all other interests?

4. What is the (a) number of bond issues outstanding; (b) dates of issue; (c) interest rate on each issue; (d) total amount of interest paid to date; (e) total amount of principal paid to date; (f) percentage of total securities held in Canada?

R.C.A.F.—TORONTO WATERFRONT SHEDS

Mr. CHURCH:

1. What was the cost of erecting sheds for the use of R.C.A.F. on the Toronto waterfront?

2. What department of government had charge of the construction?

3. Were workmen brought in from outside Toronto to help construct such buildings?

4. Have any been torn down or sold? If sold, how many, to whom and at what price?

5. Was any application received for use of these buildings to relieve the housing shortage? If so, from whom?

6. What use has been made of buildings (a) during war; (b) afterwards?

FARM MACHINERY

DISTRIBUTION FROM WESTERN CANADA

On the orders of the day:

Mr. P. E. WRIGHT (Melfort): Mr. Speaker, I would direct a question to either the Minister of Finance or the Minister of Trade and Commerce. Is the minister aware that there are pools of farm machinery in western Canada and that the machinery is being held and not distributed? Is he aware that this machinery is urgently needed by veterans? Is he aware that in some cases—

Mr. SPEAKER: Order. The hon. member is not in order in giving information. His question should be directed to receiving information.

Mr. WRIGHT: In view of the fact that in some cases it is proposed to reship this machinery back to the United States, will the minister make the necessary inquiries and issue the necessary orders to see that this machinery is distributed in Canada and not sent back to the United States?

Right Hon. J. L. ILSLEY (Minister of Finance): I will make inquiries and find out what the situation is. I do not know what action will be taken in regard to it because I do not know what the facts are.

REDISTRIBUTION

AMENDMENT TO BRITISH NORTH AMERICA ACT AS TO RULES FOR READJUSTMENT OF REPRESENTATION

The house resumed from Wednesday, June 19, consideration of the motion of Mr. St. Laurent for an address to His Majesty the King praying that a measure be laid before the parliament of the United Kingdom to effect an amendment to the British North America Act with respect to readjustment of the representation in the House of Commons, and the amendment thereto of Mr. Diefenbaker.

Mr. R. H. WINTERS (Queens-Lunenburg): Mr. Speaker, yesterday when the debate was adjourned I was referring to remarks made about the maritime provinces during this debate on redistribution. In particular I was attempting to rectify an erroneous impression that the Minister of Agriculture (Mr. Gardiner) was speaking in a derogatory vein when he stated the the maritimes needed vision and initiative more than a new system of redistribution in order to cure certain of their ills.

I have no quarrel with the resolution on redistribution. It would appear to be in the best interests of Canada. I cannot, however, support the amendment. Much has been said in a legal vein as to whether or not the federal government can take the action it proposes to take without consulting the provinces, but in the final analysis this house would appear to accept in general the principles set forth in the resolution.

I do not feel that we in the maritimes have any grounds to fear that the proposed plan for redistribution, if adopted, will react against us.

My last remarks before the adjournment yesterday dealt with the statement made by the Minister of Agriculture (Mr. Gardiner), at page 2478 of *Hansard,* to the effect that with clearer vision as to this country's future, we in the maritimes can have plants running twelve months a year, and sell our goods to central and western Canada.

[Mr. Speaker.]

I had started before the adjournment yesterday to place before the house the fact that although in many instances we are able to compete on even terms or better with our central Canadian competitors in the production of commodities, we have lost orders because when freight rates are added, the price of our goods laid down in central or western Canada is greater than the price for the same goods manufactured closer to their destination. We most certainly do not lack the vision to recognize this problem. We have realized for years that it is working to our disadvantage, but neither vision nor initiative has altered the situation appreciably. The Minister of Agriculture knows full well that the same conditions are encountered by the western provinces, and British Columbia, in particular, faces problems that are not unlike those we face in the maritimes.

The following statement made by the transportation commission of the maritime board of trade crystallizes the disadvantage we are suffering in the maritimes because of our geographical location:

> Inasmuch as transportation exerts a tremendous influence upon the location of economic enterprise, it appears that some recent studies on the economy of the maritimes from the post-war viewpoint have failed to give sufficient weight to the effects of the transportation factor in the locational pattern of industry.
>
> The tendency has been for manufacturing to be located close to the markets, away from the raw materials due to the "value of service" principle in railway rate-making, which results in increased charges as fabrication progresses.

If vision is required in solving this problem generally, then I would say to the house that it is vision on a broad Canadian basis, and not vision on the part of the maritime provinces alone. However, when considering our transportation problem, maritimers should not blame the Minister of Agriculture in any respect. In fact, it was he who was chiefly responsible for the arrangement whereby feed is shipped into the maritimes free of cost, to circumvent this problem of transportation.

The minister suggested that fuller advantage be taken of water routes in bringing our goods to central and western Canada. At page 2478 of *Hansard* the minister recommended that the maritimes use the water routes by way of Hudson bay and the St. Lawrence river to place their goods on the central Canadian and western markets. It is true that developments in science have brought us to the point where it may now be possible to visualize longer navigation seasons on these two routes, but if we are to take a practical view we must realize that we are still confronted with difficulties, in

that the St. Lawrence river and Hudson bay are inaccessible for many months of the year. I would say that vision and initiative of the magnitude required to make these water routes accessible on a year-round practical basis are not yet available to this generation. Science and other developments simply have not gone that far.

In the maritimes we feel we have the same natural endowments as Canadians elsewhere, and we are just as willing and eager to apply them; but the fact is that to achieve the same results as people in central Canada, it has been and still is necessary for us to bring to bear on the problem a disproportionate amount of vision, initiative, facilities, abilities and so on, to compensate for our geographical location. The alleviation of our disadvantages is a matter of cooperation on a federal or national scale; and it is here that we find ourselves in the ruck, because vision and initiative are not always applied to as great an extent as we in the maritimes sometimes wish. When discussing the matter of lack of vision and initiative we can accuse central Canada, and sometimes the federal government, just as easily and with as much justification as they have for any accusation they direct at us. However, it is not a matter of accusation; it is a case for cooperation. We must regard it as a Canadian and not a regional problem.

I would invite the attention of the house to the June 15 issue of the *Financial Post* and commend it to readers; it may be that they will get some idea from this issue that we in the maritimes attempt to show some initiative. The article is entitled:

Maritimes Streamline Trade Methods, Modernize Production to Gain Markets

It states in the first two paragraphs:

Maritimers have long ago come to learn that their economic well-being hinges largely on the kind of trade agreements Ottawa makes with other world countries and they are perhaps more conscious of that fact to-day than ever. But, with world trade policies still in the making, Nova Scotia, New Brunswick and Prince Edward Island aren't waiting for Ottawa to put them on their post-war feet or otherwise.

They are taking direct action to stimulate trade by producing better quality goods at competitive prices, new and more advanced techniques, a higher standard of products and greater continuity of supply.

May I quote one more paragraph, to show that somebody else thinks the problem is not purely a maritime one, but one for cooperation by Canadians everywhere:

Because of geographical disadvantages to trade with the rest of Canada, maritimers must look to the sea and to the fifteen million potential customers to the south. But they must gain access to these markets on more favourable terms than in the past if the economy is really to develop. And this depends on national and international trade policies over which they can have no effective control. Hence the maritimers naturally hope that Ottawa will give them the appropriate tariff framework within which their export economy can properly breathe.

It is recognized that the problem is a difficult one, and I do not pretend to know all the answers, but I do not wish the impression to go unchallenged that we are in the predicament in which we find ourselves simply because of lack of initiative and vision. We know the difficulties and fully appreciate them. We know that we are at a disadvantage in selling to central Canadian and western markets, but on the other hand, I would emphasize that we are just as fully aware that we are favourably situated to place goods on foreign markets, by virtue of our position on the Atlantic seaboard. We have the vision to know that what we need, and want, is freer access to these markets through the medium of favourable trade agreements and tariff structures.

This is an old story, and I won't labour it further at this time. I would say, however, that we have recently made available to ravaged foreign countries vast sums in the form of loans, to make it possible for these unfortunate countries to purchase goods produced in Canada. We in the maritime provinces are more favourably situated than anybody else to deal with these foreign markets. This is one instance in which this government can apply not only vision but a fair measure of justice on its own part, and recognize that while we are at a normal disadvantage in manufacturing for the Canadian market, we have a decided natural advantage with respect to foreign markets. Those concerned with making goods available for foreign consumption through the medium of these loans should ensure that orders are placed accordingly.

In conclusion I would say that the majority of maritimers interpreted the minister's statements in the helpful spirit in which they were given. It is hoped these few remarks will help to clear up the wrong impression that has developed in the minds of some of our citizens.

Mr. STANLEY KNOWLES (Winnipeg North Centre): Mr. Speaker, the subject before us is recognized as one of great importance, and the debate upon it has been extremely interesting, but it does seem to me that it has wandered far afield and that it has been longer than necessary in view of the clear-cut proposal which is before us. Having said that in my view the debate has gone longer than necessary, it behooves me to state my view on the matter very briefly, and I shall do so.

The proposition before us has just two points, and they are direct and specific. The first relates to the method of representation of the Canadian people in this parliament. The second relates to the question as to how we should go about making any changes if it is necessary to do so to achieve the best method of representation.

With reference to the first question, we all seem agreed that representation in a democratic parliament such as ours should be by population. It has been argued in a good many speeches during the course of this debate that in the past we have not had exactly proportionate representation at any time, nor have we such representation at the present time. That is quite true, bearing in mind the points which have been made. But the fact is that the resolution before us comes closer to representation by population than anything that has yet been proposed in this parliament or to the Canadian people. Therefore, Mr. Speaker, it seems to me the answer is simple—that we in this parliament ought to vote for the resolution.

I confess that I have found it difficult to follow all the arguments which have been made by speakers who professed their loyalty to this principle and yet have suggested other ways and other figures which should be arrived at than those which would follow from the application of this principle. But there it is. It is very simple. We believe in representation by population. The formula before us comes closer to that than anything yet proposed. Therefore we in this group are in support of the resolution.

I join with those who have expressed the view that, after the resolution has been carried and the British North America Act amended accordingly, we should pay attention more closely to that principle of representation by population. I agree that there are other considerations to be thought about, such as small provinces like Prince Edward Island and areas like the northwest territories. I agree also that there is something to be said for a smaller population per constituency in large areas such as in some of the rural parts of our country. But I suggest on the other hand that that idea has been carried too far. In a province such as my own, for example, where we have constituencies varying in population all the way from 22,000 up to 70,000. That wide discrepancy obtains not only as between rural and urban constituencies but amongst rural constituencies themselves. For example, there is one rural constituency in Manitoba with a population now of 22,000; there is another with a population of 55,000. However, the resolution before us does not prevent adjustment of that kind of situation, and therefore, even from the position I am taking, one can have no quarrel with it. And so on the score of representation by population we in this group are in favour of the resolution.

The other question before us involved in this proposition is the method of making a change if we are agreed that change is necessary, and under that heading we have a mass of legal arguments and involved consideration of the question whether confederation is a compact, or whether Canada is a nation. I suggest that we should realize not only the force of the argument put forward the other day by my colleague the hon. member for Kindersley (Mr. Jaenicke) and the Minister of Justice (Mr. St. Laurent), that what was achieved in 1867 was a nation, but also that the people of Canada to-day think of this country not as a collection of sovereign states but as a nation; and on that basis we should act in this matter.

I agree with those who contend that the amendment of our constitution should be in Canadian hands, and also that the formula for amending it should be definitely worked out and laid down. But pending that, I do not think we should act in any way that would make us less than a nation. We should not return to the status which this land held when it was a collection of individual colonies. Rather we should regard this matter as one that is of concern to all the people of Canada as Canadians, and one that should be decided in the place where the people are represented as Canadians.

The Minister of Justice made one statement which has elicited replies from various members which, I suggest, has taken the discussion a little wide of the mark. I refer to his suggestion that the provinces are represented here by the members from the various provinces. In reply to that, hon. members have made the statement that they do not feel that they represent their provinces, and so the argument has gone back and forth on that point. What we should realize is that in this house we do not represent provinces. We do not, if we appreciate our position correctly, represent our people on a provincial basis. We represent Canadians. I do not presume to represent the province of Manitoba. I represent 60,000 Canadians who happen to live within the province of Manitoba, and my concern is to represent them with respect to their Canadian interests. Their Canadian interests are decided here in this parliament, and we should think of the matter on that basis. On the score of method as well as on the score of basis of

representation, the resolution hits the mark and therefore the vote of this house should be in favour of it.

Mr. ST. LAURENT: Is the hon. member not aware that when I spoke of the provinces being represented here I particularized my remarks very carefully? I stated, as appears at page 1936 of *Hansard*:

> Another question, which has arisen each time there has been any move to ask for an amendment of the British North America Act, has been whether or not the provinces had been consulted and had agreed to it. I think that when the question is put in that form it is ambiguous. The provinces, that is to say the people of the provinces, are all represented in this parliament, and for the purposes of such matters as are confided to the jurisdiction of this parliament it is by those representatives here that the people of the provinces speak.

Mr. KNOWLES: I am glad that the Minister of Justice has interjected into the record that quotation from his speech. I recognize that in that statement he made the point I am trying to make. But my contention is that the position he took has been misunderstood and it has been thought of by some members in the house in the terms I suggested earlier.

One other comment I wish to make is this. It is deplorable that sectionalism should have crept into the debate to the extent that it has. Sectionalism has been with us not only in the speches of some members from the different provinces who have tried to state the case for more members for their particular provinces; it is also involved in the whole argument that the matter should be referred to the several provinces. My objection to sectionalism and my desire for everything possible in the direction of Canadian unity is not just for the purpose of intellectual tidiness, but rather because I feel that nothing can more successfully retard social and economic progress in this country than the attempt to keep us divided. We have had examples of this in connection with the dominion-provincial conference, which has been referred to so often in this debate. For several months now the Canadian people have been hoping that, in consequence of the proposals made to that conference, a better old age pension scheme and a health insurance plan were just around the corner. Maybe they are still around the corner, but it becomes a very long corner because of provincial superintendence, if I may use the phrase of the Minister of Justice, over national affairs. The whole question of social security, labour legislation and other matters in these fields are of concern to all citizens of this land. These things are our concern as Canadians, right across the country, and to the extent that the forces of reaction can keep us arguing over provincial rights, and can keep us divided on provincial, racial or any other lines we delay the possibility of dealing with these important social and economic problems. I hope that in future debates in this house we shall give serious thought to what sectionalism does to the expectations of the Canadian people for a better life, for better social and economic conditions. To keep sectionalism alive is surely, in this day and age, unthinkable. We all feel that the united nations organization will succeed only if we surrender a measure of our national sovereignty and become one world, and surely we should no longer have to argue the point that within this country we are not nine separate sovereign states, but one Canada, the main concern of which should be the best possible life for all Canadians.

Mr. W. F. KUHL (Jasper-Edson): Inasmuch as I have been interested for some time in one phase of the discussion on this question there are a few thoughts to which I should like to give expression, and I assure you, Mr. Speaker, and the house, that I shall endeavour in doing so to be as brief as I possibly can, and to the point. As I have said on previous occasions, in discussing this matter I have never presumed to pose as a constitutional or legal expert. On each occasion on which I have spoken on this question I have said that I considered the issues which were involved were those with which every individual citizen of Canada should be familiar; and it is only the fundamental and basic principles that I wish to concern myself with in this discussion to-day.

The hon. member for Eglinton (Mr. Fleming) raised the essential principle which is involved in this discussion. He pointed out that in the government's endeavour to eliminate an injustice with respect to the distribution of dominion seats, a fundamental principle was involved, namely, a method of amending the British North America Act. I believe that that principle raises the whole fundamental question of how we are to proceed with amendments to the British North America Act in the future. Certainly this is not going to be the last occasion on which discussions are to arise as to ways and means of amending the British North America Act.

One question that comes to my mind—it has been raised by many hon. members who have already spoken—is this: Why does the British North America Act not contain a definite procedure which can be followed in amending the act? Why has the British North America Act no provision of that kind? Speaking on this point, the Minister of Fisheries

(Mr. Bridges) suggested that it was a mere oversight on the part of the fathers of confederation. From what little reading I have done on the subject I personally cannot credit them with being guilty of an oversight upon such a fundamental question. The hon. member for Eglinton went further and suggested that it was because the fathers of confederation could not agree. He did not support his contention with any evidence, which I should like to have seen him do. From my study and reading I feel that the reason there is no provision in the British North America Act for its amendment is far more fundamental than the reasons advanced by these two hon. gentlemen.

I would suggest that the whole constitutional position of this country is on an unsound basis, and that accounts for the fact that there is no provision in the act for its amendment. There are many things with which we are dealing in these days which indicate that. On every occasion that an amendment must be made, a debate arises of the kind that we have been having for the past few weeks. We have the question of the flag, appeals to the privy council, the matter of the disallowance of dominion and provincial legislation, the matter of an appointed upper house, and so on. These are all anomalies in our constitutional position. They, and the lack of any recognized way of amending the British North America Act, are symptomatic of the fact that there is something fundamentally not right in our whole constitutional basis.

We proclaim that we are a nation, that we are sovereign, that we are politically independent of the imperial parliament. We have been proclaiming that ever since the passage of the statute of Westminster in 1931, and yet all these anomalies prevail to-day. Why are we confronted with this situation? Why is it that we are discussing the matter of adopting a distinctive national flag? Why were not these things taken care of in 1931? Why were not all these anomalies eliminated then. That is a pertinent point. It indicates that there is something fundamentally unsound in our whole constitutional set-up; otherwise we should not be confronted with these situations from time to time.

If we are to endeavour to lay down definite procedure for the amendment of the British North America Act in the future, whatever we do will have to be determined by what took place in 1867. Whatever we do to attempt to rectify the situation must be done in the light of what took place in 1867 at the passage of the British North America Act.

The Minister of Justice (Mr. St. Laurent) made some points with which I should like to deal. He made the statement that at the time of confederation the provinces were not recognized as autonomous units. His exact words were, as reported at page 2617 of *Hansard*:

> These were colonies exercising delegated powers under the full control of the imperial parliament or the crown advised by its ministers. There is no doubt that the members of those provincial colonial governments rose above the stature of the institutions which could no longer contain them, and they succeeded in founding a Canadian nation. But they had no power to do so by contract or treaty or agreement of their own.

Does it not logically follow from that that Canada did not become a federal union in 1867? Certainly in the consummation of a federal union and a federal arrangement, federation presupposes a condition of sovereignty, and if the condition of sovereignty must precede confederation or federation, then how does that harmonize with the position which the minister claimed prevailed prior to 1867? So I think I am arguing logically when I suggest that if the provinces were not free and independent, as the minister says they were; if they were dependencies in 1867, then that which was consummated was not a federal union but rather a united colony. I think that is completely in harmony with opinions which can be brought to bear; it is completely in harmony with the preamble of the act itself, and is also in harmony with the Interpretation Act of 1889, which says that the expression "colony" shall mean—

> . . . any of Her Majesty's dominions, exclusive of the British islands and of British India; and where parts of such dominions are under both a central legislature and local legislatures, all parts under the central legislature shall for the purpose of this definition be deemed to be one colony.

So if the minister's statement is correct and in accordance with the true position at that time, the condition that has prevailed ever since has been that the united colonies have been dependencies. Since that must have been so, the question I should like to ask is in what manner and by what process has Canada become a federal union and this parliament a federal parliament. A federal union and a federal parliament could be consummated only through an agreement reached by the provinces as sovereign entities. Therefore the whole constitutional position is left in a confused state, so far as I am able to understand it. On the one hand we have an act by which we are governing ourselves, which is actually an imperial statute and not a constitution proper. On the other hand we contend that we are a nation independent of the imperial parliament; yet there is nothing in the records to indicate the manner in which a federal system has arisen.

The only conclusion I can draw from this situation, therefore, is that when the authority which the imperial parliament exercised over the people of Canada was surrendered in 1931 through the statute of Westminster, it was surrendered to the provinces of Canada; for it is contrary to natural law that the imperial parliament could create any federal government in Canada. A federal government can be created only by the provinces which compose the union. Consequently I feel justified in asserting that the authority previously held by the imperial parliament over the colony of Canada has now been relinquished to the provinces of Canada, and remains there until such time as they create a federal union and a federal government of their own choice. If there were an agreement or compact among the provinces of Canada, surely a certified copy of it should be in the records, with the signatures of the appropriate authorities; but there is none. Hence the confused situation that exists in this country. We are deemed to govern ourselves by an imperial statute, while at the same time claiming that we are a nation, independent, free and sovereign. If we are a nation proper, then surely it follows that we should have the right and there should be a specific process to amend our constitution, but that is not so. We still proceed as we are doing under this measure, to the imperial parliament, petitioning them to grant us a particular amendment.

So far as rectifying this whole situation is concerned, I do not agree that it should be undertaken by this parliament, by a combination of this parliament and the provincial premiers, or by any small representative body. I believe the issues involved in removing the anomalies which exist in our whole constitutional position, including the matter of amending our own constitution, are of such fundamental importance that the people of Canada as a whole must be consulted. As far as my reading and information go the people of Canada have never been consulted on the British North America Act as a constitution. If the British North America Act is regarded as an imperial statute, they could not have been consulted in 1867; it could not be expected that they would be consulted. If it is an imperial statute, and we are to function under a proper constitution, then surely logic dictates that such constitution should be submitted to the people of Canada for ratification; and until such time as that has been done, how can it be asserted that the people are responsible for the circumstances which prevail?

I suggest that the only democratic way to take care of methods of amending the constitution in future is by consulting all the people of Canada. The people of Australia certainly were consulted on their constitution. They were permitted to vote by ballot; in fact they voted on their constitution twice, and it did not become legal and binding until such time as a majority voted in favour of it. We in Canada claim that the British North America Act is our constitution, yet we have never been consulted on it. I have found no record to indicate that the people of Canada were ever consulted. Therefore how can it be said that there is in Canada a constitutional arrangement agreed to by the people of Canada? I suggest, therefore, that we shall never proceed in a businesslike manner, we shall always have debates and arguments and differences of opinion on this subject of amending the British North America Act, until we as a nation lay down some formula and some technique which we can follow logically from begining to end.

On previous occasions when discussing this subject I quoted at length some of those who gave evidence before the special committee on the British North America Act in 1935. Some good advice was given before that committee, and I cannot understand why parliament, having set up the committee, having summoned those who were recognized as constitutional authorities, having had those persons suggest ways and means of taking care of this situation, has never acted. Here we are to-day still debating how we are to proceed. As I say, we have had already the benefit of the deliberations of that parliamentary committee before which outstanding constitutional authorities gave their opinions and made their recommendations, and still we are carrying on in this fashion.

As I have said on previous occasions, the most democratic and best advice given on that occasion was given by Doctor Beauchesne, the worthy Clerk of this house. I cannot understand why the government, this parliament and the provincial legislatures have not acted on that advice. I dislike repetition in myself just as much as I dislike it in anyone else, but as this is such a fundamental matter I feel I must place on record once more the suggestions made by Doctor Beauchesne with respect to removing the anomaly with which we are now concerning ourselves, as well as other anomalies which exist in our constitutional position. I should like to quote from page 126 of the proceedings of the special committee on the British North America Act which sat in 1935, where Doctor Beauchesne is reported as follows:

—the Statute of Westminster has altered our status . . .

The time has come in my humble opinion, when the British North America Act, except as to minority rights, should be transformed and a new constitution more in conformity with present conditions should be adopted. Amendments here and there would be mere patchwork which could not last. The people of 1935 are different from those of 1867. What we want is a new constitution . . .

The new constitution must leave nobody with a grievance. A spirit of conciliation should predominate. For these reasons, the task must be entrusted to an independent body in which all the elements of the country will be represented. I therefore beg to suggest an imposing constituent assembly formed of eminent men coming from all parts of Canada. Provincial conferences, attended by a few ministers meeting behind closed doors, would hardly satisfy public opinion. The debate should be public . . .

I should like to interpolate there and say that I think that is the most commendable suggestion as to how to deal with this anomalous situation. It is in entire conformity with democratic principles, and is certainly worthy of the support of the people of Canada. As Doctor Beauchesne indicates, the circumstances are of such a nature that this matter should not be considered by a small body of representatives of the provinces and the dominion; it should be considered by a constituent assembly elected by all the people of Canada and charged specifically to deal with this whole problem. Doctor Beauchesne went on to say:

I want the assembly to sit in a city in the west. It would not be necessary for a delegate to be a member of parliament or of a provincial legislature . . .

Then again on page 128 Doctor Beauchesne is reported as follows:

I would suggest that the assembly do not sit in Ottawa, in order that it may not have the appearance of being dominated, or even influenced by the dominion power; and, as the western provinces are of such paramount importance in the country, I suggest the best city for the representatives to gather in would be Winnipeg.

And again on page 131:

There have been many disputes about provincial rights since 1867, and it seems certain that when a new constitution is drawn up, the distribution of federal and provincial powers will have to be modified.

And again on page 135:

I think the time is ripe for a change in the constitution. I do not think you would need much publicity in order to draw to the attention of the people of this country that the British North America Act is inadequate.

And again on page 129:

Whether our country should be changed from a dominion to a kingdom is also a subject which might be discussed. I would suggest that the country should be called "the federated states of Canada."

[Mr. Kuhl.]

I consider that a comprehensive and all-inclusive suggestion as to how to rectify the present anomalies and confusing constitutional position. I cannot understand why the Prime Minister (Mr. Mackenzie King), the Minister of Justice (Mr. St. Laurent) and the representatives of the provinces have not considered carrying out that proposal. This parliament appointed a special committee to study this subject, and here are the recommendations that were made. Surely there could not be a more democratic way to deal with it; consequently I again suggest and urge and recommend that at the earliest opportunity the suggestions of Doctor Beauchesne be implemented.

There could not be a more logical place in which to do that than the dominion-provincial conference. On the last occasion on which I spoke on this subject I said that I would be watching carefully to see what the delegates might have to say on this particular subject, but I must confess that I have been disappointed. I still hope that we may see the day when someone will take up Doctor Beauchesne's proposals and initiate action along that line. I believe it is only by adopting such a procedure that we can democratically and in the interests of all sections of Canada rectify the present unsatisfactory constitutional position.

Hon. P. J. A. CARDIN (Richelieu-Vercheres): Mr. Speaker, although this question has been under consideration for a number of sitting days, because of its importance I feel not at all disposed to apologize for expressing my views upon it. It has been said during this debate that the question under discussion is one of the most important that we have had to deal with over a very long period of time. I perfectly agree with that view. We are not to-day proposing to amend the Confederation Act of 1867 in the same manner and for the same purposes as we have done in the past. We are dealing to-day with the very foundation of the representation of the provinces in the dominion parliament. We are in a way affecting the basis or foundation of the pact of confederation which has been for a number of years now the source of our liberties and the source of all our powers, politically speaking, socially speaking, and nationally speaking. Therefore we should not approach such a problem without very serious consideration of the consequences of our action.

Being of this view, I regret that such a question has not been, from the very beginning, declared by the government and by the right hon. Minister of Justice (Mr. St. Laurent) a free question upon which all members of the House of Commons would be at

liberty to express their own personal views and the views of the province which they represent in this house, without fear of being jeopardized in their relations with the party at present in power. This question is so important that it should be dealt with from a general, yes, from a national point of view, and not from the narrow point of view of a majority in this house or of a political party in power. It is too important a question to be left to the authority of the government in power or to a majority in this house.

As I said, by this resolution we are touching the very basis of our political, social, and national life, and nobody can say how far we are going to go along that line and what will be the consequences of our action.

It is unfortunate also, Mr. Speaker, that in relation to such an important problem as the amending of our constitution we should proceed in the same manner as if it were proposed that the house should sit on Wednesday night—by a simple resolution presented by a minister, and upon which there can be only one kind of debate, what we generally call a full-dress debate, when no questions can be asked of the minister introducing the resolution, and when no elucidation of any difficult point can be made. We are bound, when this resolution is submitted to a vote, to say yes or no without having had the opportunity of inquiring about the details of the motion and receiving definite answers from the minister, and without having had the advantage and benefit of the views of persons knowing something about constitutional law who are unable to express their views in the House of Commons because they are not members. It is unfortunate, I repeat, that an amendment to our constitution is to be made in such a manner.

It is unfortunate also that we have had propounded in this house from as high an authority as the distinguished Minister of Justice that we can do this without any regard to the views of the provinces whatever may be their interest in the matter. I know there are precedents. I have been a party man and a member of this house long enough to know the precedents that have been cited during this debate. But I contend that precedents such as those that have been referred to should not be the guiding rule when we are dealing with the very basis of the representation of the Canadian people in the House of Commons.

What we are doing now is not a repetition of the precedents that have been referred to. In those days there was no question of changing the basis of representation in the House of Commons. Exceptions were made to the general rule in favour of minorities. And when I speak of minorities I include small provinces in the Dominion of Canada, because, after all, they are minorities. Exceptions have been made to the general rule established in the constitution of 1867, and all the precedents mentioned provided for such exceptions being made to remedy a difficult situation existing with respect to the smaller provinces. But here we are changing the very basis of the representation in the house, and we discard the principles and ideas exposed when the act of 1867 was put into force and effect and as they have been interpreted since, on many occasions.

To say that Ottawa is the only authority to amend our constitution, even concerning matters in which the provinces may be interested, is in my humble judgment going a little bit too far. It was never in the mind of the fathers of confederation that the federal parliament would have authority, without the consent of the provinces, without even the courtesy of consulting them, to change dispositions of the act which are material to their welfare and which are essential to the preservation of their way of life, their traditions, laws and liberties.. It was never in the minds of the fathers of confederation that parliament would be vested with such wide authority.

And what is the consequence? We have heard the Minister of Justice say in reply to the hon. member for Calgary West (Mr Smith) that the federal parliament would have the authority to make representations to the imperial parliament to amend the constitution by wiping out section 133 of the British North America Act which protects the French language in this country, and that without consulting the provinces. That is one consequence of the theory which has been expounded by the Minister of Justice in this house, contrary to the views expressed by his distinguished predecessor, the late Right Hon. Ernest Lapointe, and all public men in Canada since 1867.

In all the discussions which took place in regard to amending the constitution it has always been contended by all parties that we could never touch the privileges of any province, of any race or any religion, without giving them the opportunity of being consulted and of expressing in detail their views on the proposition.

The Minister of Justice rested his case, if I understood him aright, on Professor Kennedy's work on constitutional law. Not later than an hour ago I happened to open the report of a committee which sat in 1935 to consider the constitution of Canada and the proposals

for amendment and the extent of the respective jurisdictions under the act of 1867. What did Professor Kennedy contend? The minister made the argument that the federal parliament had alone the right to deal with redistribution because it was within the powers attributed to the house, but that we would have no right at all to deal with the rights reserved to the provinces by section 92. When Professor Kennedy appeared before the committee in 1935 he said clearly, in answer to questions put to him, that the federal parliament could make representations to the imperial parliament to amend the constitution even on matters covered by section 92, and defining the privileges and the authority of the provinces. So, if the federal case rests on the views of Professor Kennedy, we must conclude, from the proposal now before the house, that the federal authority claims in fact the right to invade provincial rights and to deprive the provinces of the jurisdiction and powers which were given to them by section 92 of the British North America Act.

If Ottawa enjoyed jurisdiction in matters of that kind, it would amount to the very thing which many Canadians were afraid of at the time of the passing of the act—legislative union. That interpretation would give the House of Commons the authority to deal with everything, including matters of education as well as matters of language and religion. I object to such an interpretation, and I do not want to see the federal authority have the power to deprive the provinces of even the least of the privileges which were given to them.

"Balkanize Canada"! This is a wrong expression which is being popularized because it is a nice-sounding term. Canada is what she is to-day because of the strength of the different provinces, because Canada is a confederation and not a country governed solely by the authority which legislates in Ottawa.

Let us see, Mr. Speaker, how the new theory is applied in the field of practical politics. The contention is that there is no necessity to consult the provinces, that the provinces have no right to dictate to the government in such a matter, that they have no authority to express their views on such a question. I say that it was not the case in 1943. In that year the federal parliament listened to the voice of two provinces, Saskatchewan and Manitoba, and the resolution which was then presented to the house, to postpone redistribution until after the war, was passed at the request and at the insistence of those two provinces. It is to the credit of the ministers who represented Saskatchewan and Manitoba in the cabinet that such a thing was done. The government then showed that they were ready to listen to the voice of two provinces, and the ministers from these provinces indicated that they were not only representing Canada as a whole but were thinking first of their own provinces. They insisted upon obtaining the postponement of redistribution in 1943 against the will of the province of Quebec. Sometimes I envy the courage and solidarity of the representatives of the other provinces, and I wish that we in the province of Quebec had the same amount of solidarity and courage to claim what is our due and to insist on our privileges and our liberties.

"Balkanize Canada"! Is the British commonwealth of nations a Balkanized organization? The British commonwealth of nations is composed of nations who claim independence for themselves. The provinces can exert a certain amount of independence at least in the field which is allotted to them, and to do so is not to Balkanize Canada in any way, shape or form. The opposite would be centralization. And what has centralization done to the world° It gave Mussolini to Italy; it gave Hitler to Germany. That is the result of centralization. In the centralized organization the value of the individual disappears; he is absorbed in the great mass of the majority, and his identity and personality are lost.

It has been contended that we who come from the different provinces represent the provinces. I claim that we do not represent the provinces. We represent constituencies in the Dominion of Canada, but we do not speak for the provinces as such. We have not the authority to speak for the provinces. We can speak as members for the constituencies which have done us the honour of electing us to this house, but we are not representing the provinces. We are members of the federal parliament coming from different sections of the country, but, I repeat, we cannot speak for the provinces. It would be a little boastful on our part to say that we alone can speak for the provinces, that we alone have the proper light on the general problems affecting the provinces and the country as a whole. That is a mistaken view.

I submit that the constitution of 1867 is a document—call it a statute if you will; call it a pact or a compact—it is a document that must be taken in its entirety and cannot be torn apart so that we can say that on a particular section of the law of 1867 we are masters and can do what it pleases us to do, while on other sections of the pact of

1867, the provinces have the authority. That is a mistaken attitude. We have to accept the pact of 1867, or the statute of 1867, as a whole or discard it. It has been established after many conferences, and it is the result of a compromise, even if it is now in the form of a statute.

I know it has been argued by the very pleasant Minister of Fisheries (Mr. Bridges), and by the distinguished Minister of Justice that we could deal with certain sections which are more clearly within our jurisdiction, and not touch others. May I repeat here that the doctrine upon which the Minister of Justice rested his case is the doctrine of Mr. Kennedy, who says that we can even interfere with the powers that have been given the provinces.

That opinion or view, that the act of 1867 is a statute which can be amended by the imperial parliament on the recommendation of the federal parliament, in certain cases—to accept the views of some members who have spoken—without the consent of the provinces, is a view that is new. In the past it has always been contended that at least in matters of importance the provinces should be consulted particularly on questions in which they thought they had an interest. Even on the question of redistribution the provinces are interested. They are as much interested as the federal parliament.

It is true that the parliament at Ottawa has the authority to divide the country into a certain number of seats, to fix the limits of those seats; but the number of representatives in any province in Canada is something that concerns and interests all the provinces. The provinces have the right to be consulted when we change the number of their representatives or when we adopt measures which are capable of modifying their representation in this House of Commons.

This has been the interpretation of all parties. It has been indicated, though not too clearly or too definitely, that certain elements in certain provinces were interested in creating difficulties for the federal authority. Reference has been made to the present government of Quebec and the present government of Ontario. Let me say to you, Mr. Speaker, and to the representatives of all sections of Canada, that what has been said by these provincial premiers reflects the opinion of all the members of their respective legislatures. What has been said by the present premier of the province of Quebec has been said by the Liberals of the province of Quebec sitting in the provincial house.

The protest I am making now is the same protest I made in 1943. That protest I made in 1943 has been supported by as good a Liberal as the hon. Mr. Godbout, who was premier of Quebec, on June 22, 1943, when he wrote to the Prime Minister of Canada, as follows:

Dear Mr. King:

I regret to hear that you consider delaying the readjustment of representation in the House of Commons according to the 1941 census. This decennial readjustment is an essential part of the compact between the provinces out of which arose the Canadian confederation, and therefore the British North America Act cannot properly be amended, in this respect, without the assent of the provinces.

This is not the Hon. Mr. Duplessis or the Hon. Mr. Drew; it is the present leader of the Liberal forces in the province of Quebec, and the man who is followed by most of the members from the province of Quebec sitting in this house. He concludes this letter:

I have no doubt that due consideration will be given to these representations, and I sincerely hope that no attempt will be made to have the British North America Act amended against the wishes of this province.

These are the words of the then premier of Quebec, the Hon. Mr. Godbout, in 1943; and what is being said by others to-day is only a repetition of what Mr. Godbout himself said in Quebec.

Later, in 1944, there was a debate on this question in the provincial legislature of Quebec and one of the brightest members of the Godbout government, Hon. Hector Perrier, a man of knowledge and experience, a talented man, said, according to the report:

(Translation):

Speaking on behalf of the government, the Hon. Hector Perrier emphasized the strong stand taken by the Prime Minister last year. He added that if the federal elections take place under a redistribution scheme contrary to the constitution, it will be our duty to protest.

(Text):

May I translate the quotation. Mr. Perrier agreed with the energetic attitude taken by the then premier of the province, Hon. Mr. Godbout, in the previous year. He added that if federal elections took place in accordance with a redistribution which is not in conformity with the constitution our duty will be to protest. That is the attitude and the language of a man of authority. It was the attitude of the Liberal party in Quebec, to which I have given the best years of my life and the strength of my health.

I am in favour of unity, but I am against unification. I am in favour of unity and union of all the contracting parties to the pact of confederation, but I want to respect the privileges, rights and liberties of all the component parts of the Dominion of Canada. This question is so important that it should

have been submitted to a conference of some kind, or at least to a committee, before which all interested parties would have had the privilege of appearing and expressing their views.

It has been said that in framing the constitution of 1867 representation by population was contemplated. Yes, that was the object and the intent of the fathers of confederation. Have we that measure? We have not representation by population, having made many exceptions to the rule. At the present time we are going even a step farther. The representation of Prince Edward Island is to remain as it is. I am in favour of that, but in so far as Prince Edward Island is concerned it is not representation by population. So far as New Brunswick is concerned it is not representation by population. So far as Nova Scotia is concerned it is not representation by population. I say that the proposed amendment goes a step farther. The exceptions are not being disturbed by the present resolution, not at all. The step farther that we are taking is that we state here that if one of the provinces suffers a reduction in its population to such an extent that the number of representatives might be fewer than the number of senators, then the number of representatives in the House of Commons should be fixed at the number of representatives in the Senate, and that in any future calculation for the representation in the House of Commons the population of that or those provinces will not be taken into account. That is section 4 of the bill which it is proposed to send to the imperial parliament to amend our constitution. Therefore, if any of the maritime provinces or any other has a reduction in population and is exposed to a decrease in the number of representatives to a number fewer than the representatives in the senate, the population of those provinces will not be counted when ascertaining what population will justify electing a member to the House of Commons. We are told that this will be representation by population. It is not representation by population at all.

Some other people try to justify their attitude by saying that it is to correct an injustice. Such injustice could have been corrected otherwise. The injustice which Quebec suffered could have been corrected in 1943. Quebec agreed to the fixing of members for Prince Edward Island and the maritime provinces, but I do not want the same exception to the rule being applied to other provinces in Canada. But we are not correcting the injustice. We had only to listen to the speech delivered by the brilliant Minister of Agriculture (Mr. Gardiner) to learn that. He easily dispelled the illusion of some hon. members that this resolution had been prepared to correct an injustice. He said that was not the purpose of the resolution. Therefore he did not agree with those who try to find comfort in the proposed increase of the number of representatives from Quebec.

Yes, Quebec is being given eight more members, but we have to agree to Saskatchewan receiving three or four more than she is entitled to; to Manitoba having three more according to the B.N.A. Act as it stands. We have also to agree to Ontario having one more than she is at present electing, and to British Columbia having two more. We are to have eight additional members, but the rest of Canada are to have eleven more members. That is the consolation that is being offered and the illusion that is being created in order to get our friends to agree, and this without consulting the provinces. Parliament is presently doing what the Hon. Mr. Godbout and others opposed in 1943. We are agreeing to something which is the very opposite to what he proposed—consultation with the provinces.

I do not wish to proceed any longer. In closing, I wish to impress you, Mr. Speaker, and my colleagues in the House of Commons, with the fact that in expressing my views I have been unable to be different from what I have always been.

I have been unable to avoid arguing my point without a certain amount of heat. It is my nature, my temperament; and to those of my party I can only say, as a justification or excuse, that they did not complain of my temperament in the past. They had no objection in the past when I was arguing my case in the same way as I am now presenting it to the House of Commons. My campaigns in the province of Quebec on behalf of my party for the last thirty-five years were carried on in the same tone, with the same voice and the same element of sincerity I am exemplifying to-day. I am ageing, but I am the same man I have always been; and even if my views are not in accord with the views of those to whom I have the honour of addressing myself at the present time, I ask that they be treated as the opinion of a sincere man who tries to express himself in his own personal way; who presents his arguments as best he can in the interest of his constituents and in the interest of his fellow Canadians.

Whatever was the tone of my remarks; whatever terms I have used; whatever way I have expressed views, I have always been a Canadian to the core. Though I am attached to the privileges, rights and liberties promised

to my province, I do not want to be looked upon as a narrow-minded Canadian, but rather as a Canadian capable of looking upon his country from the Atlantic to the Pacific. I am not an isolationist. I am a Canadian, strongly in favour of preserving the liberties, rights and privileges of all the component parts of Canada, and I want them to be respected on all occasions and in all circumstances.

I had something else to say. I imagine I am near the limit of my time and I do not want to transgress and speak any longer than I should. I want to close, Mr. Speaker, by saying that I am going to vote in favour of the amendment, because it supports the principle of consultation with the provinces. I am not scrutinizing the motives or interest that may be in the minds of some people who have been supporting the amendment, any more than I am scrutinizing the ideas and motives of other hon. members in this house. I am taking the resolution as it stands. I am taking the amendment as it is and, as it is worded. The amendment asks for consultation with the provinces and the obtaining of at least their advice before proceeding with the resolution. I am in accord with that view, and in that stand I remain in the family of the old Liberals among whom I have been brought up in my political life. I stand with Blake; I stand with Laurier; I stand with Lapointe, and on that constitutional issue I also agree with leaders of the Conservative party in the past. No, I am not alone. I am at present preaching the gospel they all have preached, the gospel I myself have been advocating in my province and in Canada as a whole for the last thirty-five years.

I was in favour of redistribution being carried out in 1943 according to the principles of the constitution of 1867, meaning that I wanted the representation in the House of Commons to be as nearly as possible according to population. I am still in favour of redistribution being carried out. If the government persists in claiming that it alone has the absolute power to deal with the question, and if the amendment suggesting consultation with the provinces is rejected, I shall then have no other alternative but to vote for the resolution.

Mr. RENE HAMEL (St. Maurice-Laflèche) (Translation): Mr. Speaker, in view of the importance of this debate, and in order to dispel any misunderstanding, I feel constrained to explain clearly my stand on the matter that is now before us.

The right hon. the Minister of Justice (Mr. St. Laurent) has moved a resolution the purport of which is to establish one of the basic principles of the democratic system: representation by population. Before dealing with the main resolution, it may be proper for me to discuss the proposed amendment, which reads as follows:

> Be it resolved that the government be required to consult at once the several provinces and upon satisfactory conclusion of such consultations be authorized to present an humble address . . .

The hon. member for Beauharnois-Laprairie (Mr. Raymond) has dealt with the constitutional aspect of the problem; I shall confine myself to a review of the facts and an appreciation of the practical consequences of the amendment. This amendment will either be rejected or carried.

If it is accepted, the dominion government will have to enter into consultations with the provinces. This gives rise to countless difficulties that are well nigh insoluble in the present state of our legislation. In what manner will such consultations with the provinces be carried out? Will the provincial prime ministers themselves be asked to express the desire of their respective legislatures, or will the latter be called upon, in a regular or special session, to express their views through a resolution? No one has told us, and the matter has not been provided for.

However, let us suppose that an appropriate method of consultation is agreed upon. The problem will then in no way be solved. For the amendment continues "and upon satisfactory conclusion of such consultations." Who will decide whether the result is satisfactory or not, and on what basis will a decision be reached in that connection? Those are two more questions that remain unanswered. To my mind, it is obvious that the proposed redistribution will abolish certain unjustified privileges, as regards representation in the House of Commons. Anyone can foresee at once that consultations with the provinces are likely to bring out opposite views. Will the consent of the provinces have to be unanimous, or will a majority be sufficient? In that case how will those opposite views be appreciated? Will they be taken up and thoroughly examined?

Should the views of Prince Edward Island be at variance with those of Ontario, will they offset the latter? And how long will such an inquiry last? No one knows. Meanwhile, we would see the perpetuation of a glaring injustice which is a disgrace to democracy and which could make available to its opponents the most powerful weapon they can desire.

Mr. MICHAUD: Hear, hear.

Mr. LAURENDEAU: Hear, hear.

Mr. HAMEL: Mr. Speaker, whatever may have been the intention of those who have moved it, the practical effect of this amendment would be to kill the main resolution. This debate clearly shows that it is imperative that some thought be given to the drawing up of a method for the discussion of constitutional matters, so that this country may be spared the judicial insecurity which now exists, and I need not emphasize that such a discussion should be held in close cooperation with the various provincial authorities. But, in view of the proposed amendment, and under the present circumstances, when the sole effect of the resolution will obviously be to do justice to the province of Quebec, I wonder why we, from that province, should have to assume all the expenses and accept all the risks of a dilatory procedure, to put it mildly, when in the past action taken without our consent and to our detriment, has so often deprived us of certian fundamental rights?

Mr. Speaker, I shall vote against the amendment, I am quite convinced that I shall thereby be rendering a loyal service to my compatriots; and taking a stand likely to bring closer together the rightminded elements of the two racial groups. Finally, I am confident that I shall thus uphold in our province and in a practical way, the democratic system. What will happen now if the amendment is defeated? We shall revert to the main resolution which, in turn, will carry or be rejected. If it be rejected, we shall nevertheless be compelled to go on with redistribution, as provided for in the British North America Act. But how shall we go about it? We shall have to choose between the various schools of thought as to the meaning of the section dealing with the ratio of twentieth. How shall we appraise the decrease in the population of a province in relation to the total population of Canada? Shall we do so in relation to the last readjustment, as referred to by the hon. member for Stanstead (Mr. Hackett), or on the basis of the last census, as was done in the past?

I admit, Mr. Speaker, that I have been deeply impressed by the theory so ably propounded by the hon. member for Stanstead, but I cannot fail to realize that it finds opposition in many a precedent and in a judgment of the Lords of the Privy Council. Under the circumstances, I cannot take upon myself to expose my fellow citizens to a risk I myself should be unwilling to face.

Besides, in refusing to support this resolution, may I count on the adoption of a basis of representation in the House of Commons that will be fairer, more equitable, more consistent with sound democratic principles? I quite frankly confess that I cannot. My plain duty therefore is to accept it loyally, and to share both its merits and its responsibility. I feel all the freer in supporting it that it does not modify, but on the contrary, reaffirms the principle of the confederation compact. It redresses an injustice to the province of Quebec.

Finally, if, as I hope, the resolution carries, what will happen? I do not see the necessity of reading the text of a document we have been discussing for weeks. I feel I accurately sum up its meaning when I state that it confirms the principle of representation according to population. It will remedy the glaring injustice of the present system and restore the Canadian citizen's status of equality before the House of Commons.

In order to oppose the measure now under review, certain reasons have been advanced upon which I should like to dwell briefly before resuming my seat.

The first objection was raised against the surplus expenditures entailed by an increase in representation. I submit, Mr. Speaker, that the danger and futility of such an argument is self-evident, when it is recalled that the very ones who are opposing to-day an average contribution of less than three cents yearly per family for the establishment of democracy at home, were voting willingly $19 billions, or an average of $7,600 per family, for the defence of democracy in the world.

An hon. MEMBER: That is true.

Mr. HAMEL: Others argue that the 1941 census cannot be considered a reliable basis, because of the extensive migrations brought about by the war. Here is my answer to that:

When it was decided in 1943 to postpone readjustment of representation, discussions arose about the census, but it was agreed then that redistribution would be adjourned until the first session following the termination of hostilities and not until after the next census.

Finally, opponents of the resolution point out the danger to minorities arising out of the violation of provincial autonomy. This contention would carry more weight had not most of those who uphold it now ignored or fought against it in 1943, when the proposal notwithstanding the merits of the reasons which secured the approval of a majority in this house, gave rise to an injustice against which only a few Quebec members protested. There is no inconsistency, as some have suggested, in the stand taken by those who, after having opposed the 1943 resolution, support that of 1946. In 1943, an injustice would have resulted from that resolution, while in 1946 the object of the resolution is to correct an injustice the perpetuation of which would suit some people. In either case, they have fought valiantly to ensure the triumph of justice. In either case, they have endeavoured to support what they deemed just and fair.

We have been warned against abandoning the system in which Quebec is the pivotal province. But for eighty years this system has been working against common sense and against us. Certainly if the object of the resolution were to do away with provincial boundaries in regard to the representation in the House of Commons, no one would oppose it more strongly than I. But such is not the case. On the contrary, the resolution confirms the separate identity of the provinces. After the unit of representation has been determined, the population of each of the provinces is divided by that unit. Is this not an efficient and formal recognition of the separate identity of each of the provinces?

The resolution must be considered as it is, without ascribing to it consequences which it does not imply. I would like to know how the application in the House of Commons of the principle of representation based on population can infringe upon the rights of a minority.

Further, the chief practical result of the resolution will be to give to the province of Quebec the additional eight members to which it is entitled according to its population. I would like to know which rights of which minority would be interfered with.

But I know quite well the objection raised by those who contend that it is not the immediate result of the resolution which is to be feared, but the far-off consequences of what is claimed to be a dangerous precedent. If it is a precedent, let us agree upon its nature. If it is a precedent, it is a novel one, inasmuch as it will redress an injustice.

Several amendments to the constitution were passed without previous consultation with the provinces. Such was the course adopted in 1871, a second time in 1875, a third time in 1886, a fourth time in 1915, a fifth time in 1916, and a sixth time in 1943. Shall we be so naive as to refrain from resorting to a precedent—even if one were involved, which is not the case—which would serve our legitimate interests and the cause of common sense when, invariably such precedents are applied successfully against us?

Furthermore, it has been shown that the resolution now before the house will not bring about an amendment to the federal compact, even if we change its wording. The hon. member for Beauharnois-Laprairie has supported this view which is confirmed by the hon. member for Montmagny-L'Islet (Mr. Lesage) and, to a large extent, by the hon. member for Stanstead.

Mr. Speaker, several authorities and statements by politicians have been quoted on the nature of our constitution; shall we be taken in, however, by academic speeches and theories, since some of the very men who wrote or spoke on the subject, flatly contradicted in practice the doctrines set forth in books or speeches?

Mr. Speaker, I loyally support this motion; however, I consider as a humiliation the fact that this house has to crawl before a foreign parliament in order to settle the problem of representation in the Canadian commons. I hope that, before the next general elections, this procedure, together with the appeals to the privy council, both of which are vestiges of a colonialism incompatible with the dignity of a sovereign state, will have disappeared from our statutes.

The house divided on the amendment (Mr. Diefenbaker) which was negatived on the following division:

YEAS

Messrs:

Aylesworth	Jaques
Barrett	Johnston
Blackmore	Kuhl
Blair	Lacombe
Boucher	Low
Bracken	Macdonnell (Muskoka-Ontario)
Bradshaw	McGregor
Brooks	McLure
Cardin	MacNicol
Church	Marshall
Diefenbaker	Menary
Drope	Merritt
Fair	Quelch
Ferguson	Ross (St. Paul's)
Fleming	Senn
Fraser	Shaw
Fulton	Stanfield
Gagnon	Stirling
Harkness	Tustin
Héon	White (Hastings-Peterborough)—42.
Hlynka	
Homuth	

NAYS

Messrs:

Archibald	Hallé
Argue	Hamel
Arsenault	Herridge
Baker	Irvine
Beaudoin	Isnor
Belzile	Jaenicke
Benidickson	Jean
Bertrand (Terrebonne)	Jutras
Boivin	King, Mackenzie
Bourget	Kirk
Bradette	Knight
Bridges	Knowles
Bryce	Lafontaine
Burton	Lalonde
Campbell	Langlois
Castleden	Lapalme
Cleaver	Lapointe
Cloutier	Laurendeau
Coldwell	Leger
Coté (Matapedia-Matane)	Lesage
Croll	Little
Cruickshank	McCann
Dechene	McCuaig
Denis	McCulloch (Pictou)
Dion (Lake St. John-Roberval)	McCullough (Assiniboia)
Dionne (Beauce)	McIlraith
Douglas	MacInnis
Emmerson	McIvor
Farquhar	McKay
Fontaine	Mackenzie
Fournier (Hull)	MacLean
Fournier (Maisonneuve-Rosemont)	Maloney
Gauthier (Nipissing)	Marier
Gauthier (Portneuf)	Marquis
Gibson (Comox-Alberni)	Martin
Gillis	Matthews (Brandon)
Gladstone	Matthews (Kootenay East)
Golding	Maybank
Gour (Russell)	Mayhew
Gourd (Chapleau)	Michaud
Grant	Mitchell
Mutch	Moore
Nicholson	Mullins
Nixon	Sinnott
Raymond (Beauharnois-Laprairie)	Stewart (Winnipeg North)
Raymond (Wright)	Strum, Mrs.
Reid	Tremblay
Richard (Gloucester)	Tucker
Richard (Ottawa East)	Warren
Rinfret	Weir
Robinson (Simcoe East)	Whitman
St. Laurent	Winkler
Sinclair (Vancouver North)	Winters
	Wright
	Zaplitny—108.

PAIRS

(The list of pairs is furnished by the chief whips.)

Breithaupt	Harris (Danforth)
Clark	Desmond
Gardiner	Ross (Souris)
Healy	Charlton
Ilsley	Graydon
Macdonald (Brantford City)	Manross
McCubbin	White (Middlesex East)
Parent	Rowe
Ross (Hamilton East)	Cockeram
Smith (York North)	Hodgson
Gingues	Pearkes
Stuart (Charlotte)	Murphy
Bertrand (Laurier)	Lockhart
Claxton	Webb
Eudes	Kidd

Mr. COTE (Verdun): I was paired with the hon. member for St. John-Albert (Mr. Hazen). Had I voted I would have voted against the amendment.

Mr. GIBSON (Hamilton West): I was paired with the hon. member for Trinity (Mr. Skey). Had I voted I would have voted against the amendment.

Mr. CHEVRIER: I was paired with the hon. member for Grenville-Dundas (Mr. Casselman). Had I voted I would have voted against the amendment.

Mr. MACDONALD (Halifax): I was paired with the hon. member for Cumberland (Mr. Black). Had I voted I would have voted against the amendment.

Mr. BLACK (Chateauguay-Huntingdon): I was paired with the hon. member for Huron North (Mr. Cardiff). Had I voted I would have voted against the amendment.

Mr. POULIOT: I was paired with the hon. member for Edmonton East (Mr. Ashby). Had I voted I would have voted for the amendment.

Mr. MacNAUGHT: I was paired with the hon. member for Elgin (Mr. Coyle). Had I voted I would have voted against the amendment.

Mr. BROWN: I was paired with the hon. member for Lambton-Kent (Mr. Henderson). Had I voted I would have voted against the amendment.

Mr. COTE (St. Johns-Iberville-Napierville): I was paired with the hon. member for Grey North (Mr. Case). Had I voted I would have voted against the amendment.

Mr. GREEN: I was paired with the hon member for Quebec-Montmorency (Mr. LaCroix). Had I voted I would have voted for the amendment.

Mr. LENNARD: I was paired with the hon. member for Compton (Mr. Blanchette). Had I voted I would have voted for the amendment.

Mr. BLACK (Yukon): I was paired with the hon. member for Marquette (Mr. Glen). Had I voted I would have voted for the amendment.

Mr. HACKETT: I was paired with the hon. member for St. Antoine-Westmount (Mr. Abbott). Had I voted I would have voted for the amendment.

Mr. ADAMSON: I was paired with the hon. member for St. James (Mr. Beaudry). Had I voted I would have voted for the amendment.

Mr. STOKES: I was paired with the hon member for Chambly-Rouville (Mr. Pinard). Had I voted I would have voted for the amendment.

Mr. JACKMAN: I was paired with the hon. member for Bellechasse (Mr. Picard). Had I voted I would have voted for the amendment.

Mr. DANIEL: I was paired with the hon. member for Parry Sound (Mr. McDonald). Had I voted I would have voted for the amendment.

Mr. STEPHENSON: I was paired with the hon. member for Ontario (Mr. Sinclair). Had I voted I would have voted for the amendment.

Mr. McMASTER: I was paired with the hon. member for Champlain (Mr. Brunelle). Had I voted I would have voted for the amendment.

Mr. SMITH (Calgary West): I was paired with the Minister of Trade and Commerce (Mr. MacKinnon). Had I voted I would have voted for the amendment.

Mr. JAMES SINCLAIR (Vancouver North): Mr. Speaker, in rising to speak at this time, I do so because the remarks I am going to make could not have been made on the amendment, and the amendment which I propose to move at the end of my remarks could not have been offered as an amendment to the amendment. It is not so much with what the resolution proposes to do that I am concerned as with one or two omissions or deficiencies in the resolution itself. I had hoped that these omissions would be explained by the Minister of Justice (Mr. St. Laurent) when he made his eloquent explanation of the bill, but since that was not done I feel that I should call to the attention of the house what I regard as grave omissions from the resolution as it stands at present.

This resolution purports to put the representation of the House of Commons on the basis of representation by population. I use the word "purports" advisedly, because I do not think the resolution accomplished that aim. As far as the people of the country are concerned, the most immediate effect of the resolution is to increase the membership of this house by ten at a cost to the country of $60,000 a year in indemnities alone. At a time when there is a demand from coast to coast for rigid public economy, when people are hoping that next week the Minister of Fin. ıce (Mr. Ilsley) will be able to announce subs.antial reductions in taxation, I think we should give careful scrutiny to such an increase the cost of conducting the business of the ıuse of Commons, especially in view of the f. .t that last fall we increased our own indemnities, rightly I believe, by fifty per cent. There was considerable criticism of that increase in some parts of the country, though I am glad to say that in my riding there was little criticism. On the contrary, both trade unions and the boards of trade endorsed the action then taken. They said that if such compensation would allow a member to represent his riding better they were for it.

That brings me to the first point I wish to make. There are many private members in this house—and I am in the class to which I refer—who are not representing their constituencies as well as they might, not because of lack of compensation, not because of lack of ability or of any desire to represent their constitutents properly, but because of the deplorable working conditions, the absence of proper office space, the absence of proper secretarial help, the total lack of any research assistance in the library, and, so far as those unfortunate members in the far corner of the house are concerned, the lack of any method by which they can properly follow the debates in this house.

I had intended to speak on this matter when the estimates of the House of Commons came up for consideration, since that is the proper time; but since the government by this resolution proposes to aggravate the situation by

pumping ten more M.P.'s into already crowded offices, this is the proper time, in my opinion, to bring the matter to the attention of the house and of the government. Normally I would be wasting my time telling my audience, who are mostly private members, of these disabilities; but it is a curious thing that neither the Prime Minister (Mr. Mackenzie King), who is leading the government, nor the Minister of Justice, who sponsors the bill, nor the Minister of Agriculture (Mr. Gardiner), who apparently drafted it, has been a private member in this House of Commons. These hon. gentlemen have been either ministers of the crown or leaders of the opposition, and so have enjoyed good office space, adequate secretarial help, research assistance and certainly excellent seating space in the centre of the house.

Therefore I am going to indicate briefly to them some of the disabilities that private members labour under. Because of attendance in the house and committees the only time a member has for correspondence and interviews is from nine to eleven o'clock in the morning, from two to three o'clock in the afternoon and from seven to eight o'clock at night. Other hours are occupied in attending committee meetings and attending in the house as hon. members should. It is impossible to dictate, or even to try to dictate, letters when your office-mate—and most of us share offices —is a yard away dictating to his secretary. Under such circumstances it is also impossible to concentrate on the study of a bill or the preparation of a speech. It cannot be done while your office-mate is dictating at the same time. More than that, it is embarrassing to members. It is more embarrassing to constituents who come to see their member on matters affecting them, and are forced to discuss these matters in the presence of a third person who is a stranger. Most members, of course, withdraw to the hallway when such things take place, but there is no reason why a member of parliament should spend most of his time out in the hallways.

No business firm in this country would pay an executive $6,000 a year and then not give him a proper place in which to work. The real irony of the situation, however, is that this magnificent new parliament building has adequate office space for members of parliament. Unfortunately, because of the encroachment, throughout the years members of the staff are now using large offices which should be occupied by members of parliament. The greatest encroachment takes place between parliaments when there is no Speaker, and our genial friend, Doctor Beauchesne, is supreme. I need only remind hon. members that at the end of the last parliament there were two offices on the top floor which were occupied at that time by the leader of the Social Credit party in this house, but he has been moved out of those offices and the offices have been taken over by the manager of the restaurant. The point is, is it better for a member of parliament to be moved out of an office to find a place for the manager of the restaurant? There is the old story of the Arab, the camel and the tent. I do not need to tell it here, but the camel got his nose in to keep warm, and in the end the camel was in the tent and the Arab was outside. If this procedure goes on, in a few years we shall be working in the pool and the stenographers and staff will be occupying all the rooms. We need only to walk around the ground floor of this building and see the offices occupied by minor officials of the House of Commons. You need only to walk along the fourth and fifth floors of this building and see office after office occupied by secretaries of committees. These are valuable men, and they deserve office space, but the space for them is over in the west block. There should be a tunnel between these two buildings, and members of parliament should be allotted the space occupied by these men. Probably that would mean the displacement of some department in the west block, but these enormous national defence buildings which were built as headquarters for our huge wartime army must now have space which could be occupied by the displaced department, despite the objections of the permanent force empire builders.

The situation has become so bad in the offices of the press gallery that some of the gentlemen of the press are forced to work in one of the corridors in this building. Such a move as I suggest of putting the staff over in that building would give decent accommodation to the gentlemen of the press.

The second disability is secretarial help. Very few private members to-day have what a business firm would consider a good secretary. Some of them have good stenographers, but the reason there are not more good secretaries is that the girls are here for only three or four months, and there is a lack of security. They come here for a session and they have not the protection of the civil service. At the end of the session they go, and some of them are fortunate enough to get a permanent job. If they get that job they stick to it. If we had even a fraction of the secretarial help which the United States Congress provides for its congressmen and senators we would be able to do a much better job.

A third thing is the absence of research assistants in the library. Anyone who has

gone to a university and has done research work does not find it too great a problem to dig out and assemble material. But, as the hon. member for Rosetown-Biggar (Mr. Coldwell) and the hon. member for Temiscouata (Mr. Pouliot) said yesterday, this is not a good library so far as ease of digging out the necessary documents is concerned. However, quite a few members of the House of Commons are not university graduates and have not done research work; they are farmers, seamen, engineers, loggers and so forth. They have not had that training, and there is no reason why they should spend hours of their time foraging around the library trying to assemble information which a competent research assistant would get for them in an hour. It would be very simple to acquire such people. In the universities of this country there are dozens and dozens of young men and women who are working for research degrees, their master's and their science degrees, and they would welcome the chance to come here and put in part of their time working in this library which, after all, is the best in Canada, and also meeting the members of the government and of the House of Commons and senior civil servants, the people who are running this country. They could be of inestimable value to all private members.

The hon. member for Macleod (Mr. Hansell) is, I believe, one of the most persistent in the matter of the great difficulty hon. members in the remote corners have of hearing speakers, especially speakers on the government benches who seem to look upon it as their chief function to relay information only to the leader of the opposition (Mr. Bracken). This problem has often been brought up in this house, and requests made for a public address system.

When we place another ten members in the far corner this chamber will be completely filled. These ten additional members will be new members and certainly will be entitled to hear all the debates in this house. I wish to make it quite clear that this is not a personal complaint on my part. I am very fortunate; as hon. members know, I share an office with one of the quietest and most industrious members here. I have one of the best secretaries in the House of Commons. It took me five years to acquire her, five years of changing a girl every session because they would go from here after the session and secure permanent jobs. However, I am forced to share her services with the parliamentary assistant to the Minister of Finance.

As I have pointed out, university men have not the same trouble in doing research work as have members of parliament, and no member of parliament should be obliged to do work in the manner in which we attempt it, particularly when we are sent here to study policy and not be library assistants.

Lastly, thanks to the minister from British Columbia, I have a good seat in the House of Commons, but there are many members here who suffer greatly from these four disabilities. I had hoped that the Minister of Justice would —perhaps he will when he closes the debate— indicate that the government is going to take the required action to see that the present members of parliament are given a chance to do their job in a better way by providing better working conditions.

The second omission in the minister's speech is a significant one. I have followed this long debate with the greatest of interest. I have studied science myself, and therefore I am amazed at how lawyers can start out with the same set of facts and arrive at quite different conclusions. Apparently in this resolution we are making a drastic change in our representation in this country. In other words, we are going to bring our constitution up to date to fit the needs of the country. If we are to do that, then at the same time we should change the mechanics of selecting our representatives, and bring it up to date. At the present time we elect our members by the single vote, which was good in 1867, when they had just the two parties. It is not good now, when we have at least five national parties. How many hon. members can stand up in the house and say: "I represent the majority of the constituents of my riding?" Very few. The hon. member for Vancouver South (Mr. Green) is one who can do that. One member out of sixteen in British Columbia can say that, and we have five parties. The question came before parliament with the advent of the Progressive party in 1920. At that time the Prime Minister was quite inclined to try to introduce a measure of proportional representation.

Mr. MacNICOL: That has been discarded almost everywhere throughout the world.

Mr. SINCLAIR (Vancouver North): A bill was started and dropped. I do not believe in proportional representation and I do not know much about it, except the Winnipeg elections—

Mr. MacNICOL: That is enough.

Mr. SINCLAIR (Vancouver North): That is enough. You must have large multi-member ridings, which means in the case of Winnipeg in the provincial election ten members with five parties, fifty candidates on the ballot.

The first few names on the ballot are apt to receive more votes than those down below, or the members whose names are better known to the electorate. That is the worst feature of it. There is also that lack of intimate connection which should exist between the member and his constituents. On the other hand, in Manitoba they have the excellent single transferable vote in rural ridings, and certainly that is what we should have in this dominion parliament when we have four or five national parties.

Mr. SMITH (Calgary West): We also have it in Alberta.

Mr. SINCLAIR (Vancouver North): Yes. There are progressive provinces in the West.

I quite realize that such a matter would require an amendment of the Dominion Elections Act; but at a time when we are changing our whole basis of representation I think it would be quite appropriate for the minister to indicate whether or not we are to have a change in the method of electing our members, so that hon. members here could rise in their places and speak with more confidence in the knowledge that they were representing a majority of their constituents. That is a feeling I do not now have. I had what was considered a fairish plurality in British Columbia, but I consider that I represent only about one-third of those who cast votes in Vancouver North in the last general election. Two-thirds of the people who voted did not vote for me; and you cannot have the same confidence between a member who knows he does not represent a majority and the constituents who know the member does not represent a majority of them.

I now come to my third point, which I think represents my major opposition to the present resolution. The purpose of the resolution is said to be to bring about real representation by population. We have got rid of what the hon. member for Winnipeg South Centre (Mr. Maybank) called one joker clause, the five per cent clause which has given Ontario an artificial membership, a greater membership than it deserves. At the same time, however, we have not got rid of the other joker clause which gives one other province, and could give other provinces, greater representation than they are entitled to on a strict representation by population basis. As far as the Yukon and the northwest territories are concerned, that can be justified because, despite the fact that they do not have the national quota, unless they are given a member for that fraction they do have they will be disfranchised. They have no provincial governments to which to turn, and few municipal governments. South of us, in the United States of America, we have the good example of a congress based entirely on representation by population, with no reservation except one, corresponding to the Yukon. When states such as Nevada and New Mexico first came into the union they did not have a population sufficient to justify a congressman, but they were given a congressman as soon as they entered the union.

Mr. MacNICOL: And Arizona.

Mr. SINCLAIR (Vancouver North): However, when we come to the other exception, Prince Edward Island, I find it difficult to justify in my own mind, and I have not heard the Minister of Justice justify it, why this small, compact economy, which has municipal government, which has a provincial government, should be given, in fact, twice the representation given the rest of the country, by population. I agree, mind you, that Prince Edward Island is in a difficult position, but the remedy is not in creating an artificial condition in the House of Commons. The remedy is in the other chamber, where representation was set upon a regional basis. The fathers of confederation were patterning the House of Commons and the Senate, I think, quite closely on the plan followed in the country to the south.

At six o'clock the house took recess.

After Recess

The house resumed at eight o'clock.

Mr. SINCLAIR (Vancouver North): Mr. Speaker, at six o'clock I was starting to comment upon what I thought was the weakness in this resolution in that it purports to be a resolution to introduce strict representation by population. I had justified, in my own mind at least, the granting of a seat to the Yukon and northwest territories, despite the fact that they have not a full quota under the present system. I had touched briefly upon the other safeguard of senate representation which is protecting Prince Edward Island at the moment. I pointed out that Prince Edward Island is a small compact economy, provided already with both municipal and provincial governments, and therefore had not the same reason to be protected as have the Yukon and the northwest territories.

I cannot understand why the government would consider objectionable the five per cent clause, that is section 51 (4), which gives to Ontario artificial representation and not at the same time remove section 51 (a) which gives to Prince Edward Island to-day, perhaps

to New Brunswick to-morrow, and to Nova Scotia some years hence a similar artificial representation. Such protection is not supplied to all the small provinces by that section, because in British Columbia at the moment we have six senators. That means that the only protection of this clause would come on the day when our population falls below 6/250ths of the population of Canada, or falls below 2·4 per cent of the population of Canada, which is obviously absurd.

Therefore it is apparent that this plan of representation by population rests on a very shaky foundation indeed. It rests upon this clause which introduces senate representation into House of Commons representation.

In this country in the last thirty or forty years there has been little criticism directed against the representation in this house. On the other hand, ever since 1893 there have been continued outcries in this country against the other house; yet nothing has been done. To-day we are presented with this new system of redistribution for the House of Commons. We find that one of the pillars upon which this new redistribution bill rests is representation in our outmoded senate. As long ago as 1893 my own party was impressed with the inadequacy of the senate. I think it was at our first national Liberal convention held here in the city of Ottawa that the following plank was presented:

> The present constitution of the senate is inconsistent with the federal principle in our system of government, and is in other respects defective, as it makes the senate independent of the people and uncontrolled by the public opinion of the country, and should be so amended as to bring it into harmony with the principles of popular government.

It was in 1893 also that the great Sir Oliver Mowat made an excellent speech in which he said:

> The senate as now constituted is the weakest point of our constitution.

In the election of 1900, Sir Wilfrid Laurier was able to go to the country and say this about the resolutions of the 1893 convention:

> This is the only plank that so far has not been effectively dealt with by the Liberal government, but the subject has not been lost sight of.

That was forty-six years ago. Just for fear hon. members may think that all the criticism of the senate has been confined to the Liberal party, I should like to read just one sentence of what R. B. Bennett said in 1915, as follows:

> The senate is an irresponsible body which has thwarted the will of democracy as expressed by the House of Commons.

An interesting point about the criticism of the senate is that the strongest criticism has not come from the party in opposition but rather from the party which had got into power but found that it was in opposition in the senate. So that we have the Conservatives in 1915 protesting against the senate and we have the Liberals protesting at other periods against the same upper chamber. Perhaps the finest comment on our senate is found in the work of Viscount Bryce, entitled, "Modern Democracies". He spent a considerable time in discussing the upper chambers in various countries, and his conclusion is this:

> Amongst these the French senate is the strongest and that of Canada, the weakest.

That again was in 1903. Therefore I feel that the greatest weakness in this resolution is the fact that it is amending the representation in this house about which there has been little criticism, when apparently nothing is being done about amending the representation in the other house, particularly when there has been so much criticism about that representation for forty or more years.

I believe in a senate or an upper chamber. I am going to quote what Sir Wilfrid Laurier said, because he expresses so well what I think about the upper chamber. Sir Wilfrid Laurier, speaking in the great debate on the senate in 1906 said, as reported at page 2301 of *Hansard* of April 30, 1906:

> But one consideration which, to my mind, is absolutely conclusive and paramount, is that under our system of government, a second chamber is an absolutely needed safeguard for the smaller provinces against a possible invasion of their rights by the larger provinces. The system we have has been largely borrowed—not entirely, but largely—from the constitution of the American republic. As we know in that republic, the house of representatives is elected according to population. The people of the different states are represented in congress according to population. But in the American senate no such principle is admitted. In order to favour the minorities, the constitution has provided that every state, big or small, should be represented in the senate by two members.

He then went on to point out that the great state of New York had forty-five representatives and only two senators, and he referred to Vermont, which at that time had only one representative but had two members in the senate. To-day in the American congress there are four states which have only one representative each, because they have only a fraction of the quota of population necessary to elect a representative, but every one of those states has two senators. New York has forty-five members in the house of representatives and two in the senate; Wyoming has one member in the house of representatives and two in the senate. Sir Wilfrid went on to say:

> Here in our senate, as in the senate of the United States, we have not adopted the principle of representation by population. We have not

altogether adopted the system of the American republic, but if we were to have a reform I would not be adverse to adopting in that respect the system of our neighbours and have each province represented by an equal number of members, whether that province be large or small. This principle having been adopted admittedly for the protection of the smaller provinces, everyone will admit at once that if we were to remove that safeguard, there would be a natural discontent in the smaller provinces, so that I contend that we cannot seriously entertain, even for a moment, the idea of ever abolishing our senate. The arguments which we see from time to time in the press have altogether ignored that view of the constitution, which is a true one, and a paramount argument in favour of the maintenance of a second chamber.

I do not think the senate should be abolished as do some of my friends in the C.C.F., but I think if ever there was a time to reform the senate, it is now. The senate should be the protector of provincial rights, but it is not fulfilling that task. At this time we need as never before a strong senate which would serve as the protector of provincial rights. We have heard the speeches of the hon. member for Cumberland (Mr. Black) and the hon. member for Queens-Lunenburg (Mr. Winters) who emphasized the disadvantage which their province admittedly has suffered since confederation. The prairies can tell the same story.

We in British Columbia, although we are regarded as one of the rich provinces, have suffered more from domination by the two central provinces than any other part of Canada. Briefly, this is our position: We sell the things we produce, timber, fish, minerals, fruits, in the open markets of the world at low prices. We buy the things we need in the protected markets of Ontario and Quebec at very high prices. The only reason we have been able to continue, selling our products at low prices and paying high prices for what we buy, is by plundering our natural resources, robbing our fisheries, denuding our forests, high-grading our mines. That cannot go on. The same is true of the prairies.

Before the war there was a strong feeling in British Columbia for provincial rights; but, like the people of the maritimes, having seen what this country can do under strong government during the war, the people of British Columbia have resolved that we are going to go ahead as a nation and not as nine Balkan provinces. But they are reluctant to give up any authority to a central government if they are to continue to be dominated in both houses of parliament by the power of the central provinces, by high tariffs, by mountain differentials on freight rates, by trade policies that primarily help the industrial east. That is why we need a reformed senate to protect provincial rights. The fathers of confederation realized that. They set up a senate to represent the main divisions of Canada, Upper and Lower Canada, the maritime provinces; they gave them equal representation in the senate, twenty-four for each division, and they added a fourth division when the west was was developed and gave twenty-four to that division.

It is now time to recognize that there are five divisions. Our government does recognize that the economy of the maritimes, of Quebec and Ontario, of the prairie provinces and part of Alberta and British Columbia constitute something quite different from any other economy, but until the senate is reformed we shall continue to be dominated in the house and in the senate by the weight of numbers of the central provinces.

I am not suggesting for one moment that the senate should have five divisions of twenty-four senators. The people of Canada want a smaller, not a bigger senate. But if there were twelve members from each division, four each for Prince Edward Island, Nova Scotia, and New Brunswick; twelve for Quebec; twelve for Ontario; twelve for the two prairie provinces which are so much alike, Manitoba and Saskatchewan, and twelve for the provinces of Alberta and British Columbia, that is six apiece, then we should have an upper house which would prevent the colonies of Canada, because that is what the maritimes, the prairies and British Columbia have been, from being exploited by the central provinces. We would have three divisions as against two in the upper house, and the maritimes, the prairie provinces and British Columbia, would not be dominated in both houses of parliament by the central provinces.

If such a plan were adopted we would save thirty-six times $6,000—the indemnity—or $216,000, which would be quite ample to provide good secretarial help for us and the other things I mentioned a little earlier, and also provide thirty-six more offices in this building for members of parliament.

The next point is, should the senate be elected or appointed? That point was thoroughly canvassed in the great debates in this house in 1906, 1915, 1925, and it was generally agreed that because of our irregularly spaced elections for the House of Commons it would be difficult to have an elective senate. Therefore the senate may have to be an appointed body, but most people do not believe in appointment of senators for life. If the senate is to be a body that will be a check on hasty legislation obviously the term of appointment of the senators should be for more than the life of one parliament. The United States

provides for a six-year term. We could do the same, with one-third retiring after the end of each two years.

The most important thing about the senate from the point of view of the west and the maritimes is not whether it should be appointed or elected, but who should appoint it. That, to my mind, is the great weakness of the present situation. Two years ago, members will remember that we had a long debate on the wage control order, P.C. 9384. In setting up our national war labour board the government proposed to name equal representation for employers and for labour. Both sides objected very much, and both the national labour congresses said that if labour was to be represented they wanted to nominate their own representatives. That principle was accepted, and this principle should also apply to the senate. If the members of the senate are the protectors of provincial rights they should be appointed by the provinces, by the lieutenant-governors in council, and not by the governor general in council. The provincial governments, I am sure, would give better provincial representation. For example, in my own province we have six senators. It is a big province; yet I find from the official record that three of them reside in Victoria—one has retired—and three in Vancouver. So that there is no representation of the Fraser valley, of the Okanagan valley, of the Kootenay valleys or Cariboo and Skeena counties which are empires in themselves. Can Ontario imagine half of their senators being appointed from Toronto, the other half from Ottawa? Also, if the provincial governments appointed senators to present their problems at Ottawa, the seats in the senate would not be left vacant. In British Columbia we have had seats vacant over much too long a time.

An objection to this proposal might be that if the provinces pick the senators, the senators will have a provincial outlook. Anybody who takes part in the deliberations of the House of Commons or the Senate soon loses any provincial outlook. If Mr. Drew and Mr. Duplessis had served terms in the House of Commons or the Senate they would have been bigger and better premiers; they would have the Canadian outlook rather than the provincial outlook.

There are groups in this house that should be interested in this proposal. In Alberta, since 1935 the people have shown in no uncertain way, both provincially and federally, that they want to be represented by people who believe in the social credit philosophy. Yet in the senate, where this provincial outlook should be represented, they have not a single voice. The same is true of Saskatchewan and its new party.

I had intended to move an amendment to amend sections 21 to 32 of the British North America Act to reform the Senate as well as the House of Commons. I realize how brash that would be for a young member. More properly it should be done by the government, and more properly still it should start in the senate itself. A simpler way would be to remove all mention of this outmoded senate from the present resolution. In other words, put the membership of the House of Commons on a strict representation by population basis. That would force action to be taken by providing proper senate representation to protect those areas which need protection, Prince Edward Island, Nova Scotia, New Brunswick, the prairie provinces and British Columbia. The effect of this would be, using the population figures of the last census, that Prince Edward Island would have two members; Nova Scotia, 13; New Brunswick, 10; Quebec, 73; Ontario, 82; Manitoba, 16; Saskatchewan, 19; Alberta, 17; British Columbia, 18. That makes 250, plus one seat for the Yukon. The 255 seats mentioned in the resolution before us is an odd figure. Obviously 250 was first tried and did not work, whatever work they had in mind for it to do. So they tried 254. A House of Commons of 250 members is a much more understandable figure for the average citizen in Canada.

The hon. member for New Westminster (Mr. Reid) gave the impression that unless British Columbia got the twenty to twenty-one members to which we are entitled by our estimated population—according to the dominion bureau of statistics British Columbia had a population of 994,000 on December 31, 1945, as against 845,000 for Saskatchewan—we should go back to the old sixteen. I cannot agree with that. By all means we should have the two extra seats provided by the 1941 census, and if the next census gives us twenty-one members, well and good.

I hope that the Minister of Justice will comment on the four points I have mentioned. First, in increasing the membership of the house is there going to be any improvement in the conditions under which members of parliament can work? Are we to get adequate office space? Are we to get adequate secretarial help to lift the load of routine off our shoulders? Is there to be a change in the electoral system designed to suit a multi-party system such as we now have? Why is the senate not being reformed? And why is one safeguard left in this resolution which

makes it, not representation by population, but only slightly better than the last method of representation?

I therefore move, seconded by the hon. member for Comox-Alberni (Mr. Gibson):

That the motion be amended:

1. By striking out the words "two hundred and fifty-five" in subsection 1 of the proposed section 51 of the B.N.A. Act 1867, as quoted in the resolution before the house, and substituting therefor the words "two hundred and fifty-one."

2. By striking out the words "two hundred and fifty-four" in rules 1 and 2 of the proposed section 51 and substituting therefor the words "two hundred and fifty."

3. By deleting rules 3 and 4 of the proposed section 51.

Mr. LIGUORI LACOMBE (Laval-Two Mountains) (Translation): Mr. Speaker, I have appreciated the remarks made by the hon. member for Vancouver North (Mr. Sinclair) who has preceded me in this debate. I share his views on the reform of the senate. I believe that the latter should be an elected body. Allow me, at the outset, to tender my heartiest congratulations to the hon. member for Richelieu-Verchères (Mr. Cardin) who has delivered to-day a masterly speech. Once again he has uttered stirring words. They were the words of those who were leading the Liberal party a few years past.

When I spoke on the amendment a few days ago, I warned the government against any interference with the prerogatives of the provinces. I referred to the humiliation we felt at the thought of having humbly to petition the London government for the right to amend our constitution. I stated that this constitution is not our own, and that Canada is a country without a constitution and without a flag. However, for a number of years, without the contracting parties being consulted, with the connivance and the permission of Westminster, institutions, contracts and laws have been tampered with. The only voices which could properly be raised in protest—those of the provinces—have been silenced. An endeavour is made in this house to drown out protests under a storm of charges directed against the prime minister of Quebec. Blows are aimed at him with an ever increasing fury.

But the premier of my province rises above this useless din. He has just vindicated the jurisdiction of our legislative assemblies and upheld their cause on a plane beyond the reach of those who refuse to acknowledge a right which is theirs to exercise. He fears, as we do, a threat both immediate and remote.

Who could censure his attitude? Let us refrain from exaggeration and violence. Canada's future rests upon the cooperation of all men of good will. Even at the cost of great sacrifice, the Dominion government should return to the provinces the freedom to exercise their rights within the scope of their jurisdiction.

As I said before, I support this measure because I wish the influence of my province to grow in this house. I shall vote for the resolution because of its good points, provided that provincial prerogatives are respected.

Let the government cease to play with fire. Let them interfere no longer with the privileges of the provinces. Let them consult the legislatures before amending a contract which they ratified. Otherwise the government will plunge headlong into an adventure which can but lead to anarchy.

There is nothing noble or magnanimous about the attitude of the government. It reflects only a feat of strength. You will find, before long, that we are faced with new difficulties because the government neglected to consult the provinces. I object to our perpetrating an injustice for the sake of redressing a wrong. Like many others, I want to do justice to each province and trust that when the question is put, our vote shall take into account the future and the building of a nation which can rest only on right and justice.

During the debate, I heard members emphatically declare themselves proud to take part in the amendment of the constitution. That is an illusion. We have no power to effect any change without the consent of the British House of Commons. Some members of this parliament have asserted that the British North America Act was altered several times without the provinces being consulted. They approved of such precedents. I respect their opinion but have a right to express my own. Such instances represent an abuse of power detrimental to the provinces and to minorities. If previous governments erred, why should the present authority blunder irreparably by amending the constitution without consulting the provinces?

The constitution is the guarantee of the rights of all. It is the legal consecration of the nation.

I deeply regret to find that serious-minded persons overlook the importance of protecting our rights, thinking only of the immediate advantages to be gained. It is not too late however. When the government has received from London the authority to amend the constitution, let them consult the provinces. History will emblazon the part played by the true statesmen who defend the rights of the provinces and of the minorities and will con-

demn those politicians who support the infringement of contracts, of the constitution and of the laws.

During the debate, the right hon. the Minister of Justice (Mr. St. Laurent) claimed that since 1867 French-speaking Canadians have seldom had occasion to complain of the treatment meted out to them.

I respect the minister's views, but if looking over the history of Canada I were to mention all the injustices which we have suffered, it would be an endless task. Therefore, I prefer the joint protection offered by the dominion and the provincial governments rather than entrusting solely to the central power the fate of my race, its prerogatives and its rights. Inseparable in my mind and in my heart, our constitution and the rights of minorities seem to be so closely related, that it would be heinous to entrust them to the good will of the human conscience which, alas, is so fragile and sometimes so elastic. Discussing the matter from the standpoint of plain common sense, I wish to remind the house of the seriousness of the present situation. We must keep within the bounds of moderation when dealing with such a far-reaching resolution. The nation is being led along a path which may mean the end of the Canadian constitution. Eighty years have been spent in humanizing this charter of our rights. The provinces of confederation have played their part in this work of civilization. Why not consult them?

Mr. SPEAKER: Order! I am sorry to interrupt the hon. member. Since the beginning of his remarks, he opposed the motion before the house on the ground that the provinces have not been consulted. Before six o'clock, the house voted on an amendment suggesting that this be done. As the matter has been settled by the house, the hon. member is not entitled to discuss it.

Mr. POULIOT: Mr. Speaker, the hon. member claims that the provinces should be consulted on the question of making the senate an elective body, a matter which has not been dealt with in the previous amendment.

Mr. SPEAKER: Order!

Mr. LACOMBE: Speaking on the point of order, Mr. Speaker—

Mr. SPEAKER: Order! I have listened closely to the hon. member's remarks. He has spoken to the amendment dealt with by the house before six o'clock. I urge him to avoid discussing that amendment and to speak to the motion before the house.

Mr. LACOMBE: I realize that we are presently discussing a motion dealing with the constitution. I shall confine myself, as far as possible, to this matter and if I fail to do so, I invite Mr. Speaker to call me to order.

On the ground of some petty political grudge of one kind or other, doubts are raised concerning the courage of the upholders of constitution. As the right hon. the Minister of Justice stated himself, is not the constitution a token of civilization? Have not those who have upheld civilization by laying down their lives; those who have fallen in the name of justice, freedom and right; those who, beyond the seas and beyond life itself, from the midst of this vast cemetery, point to the sacrifice they were worthy to make; have they not, I say, the right to demand that we honour, for the sake of Canadian unity and the future of our country, those very compacts that have been torn and trampled under foot by the dictators?

Am I in order, Mr. Speaker?

I know of a document which bears the sacred name of contract. It is the constitution of Canada. Why change this Canadian bill of rights in defiance of its drafters and without the consent of the continuators of their work? Defamatory charges cannot outweigh eighty years of tradition and history. If so gross an injustice is to prevail, let us seal the doom of the constitution.

But a tangible fact exists, a tangible fact remains. The British North America Act has been ratified by the provinces. Irrecusable evidence of this is found in the constitution itself. The provinces and Canada at large are even now asking us to consult them regarding this resolution. Once the British house of commons has given its consent, it will still be possible and even easy to put off changing our constitution in order to consult the provinces. It is never too late to perform an act of justice.

Mr. SPEAKER: (Text): Shall the amendment carry?

Mr. SINCLAIR (Vancouver North): On division.

Amendment negatived on division.

Mr. SPEAKER: The question is on the main motion.

Mr. IRVINE: Before you put the motion, Mr. Speaker, I wish to move, seconded by the hon. member for Melfort (Mr. Wright):

That the motion be amended by striking out the words "two hundred and fifty-five" as they appear in lines one and two of subsection 1 of the proposed new section 51, and substituting therefor the words "two hundred and fifty-six," and by striking out subsection 2 of the said proposed section 51 and substituting therefor the following:

"(2) The Yukon territory as constituted by chapter 41 of the Statutes of Canada, 1901, shall be entitled to one member, and the Northwest Territories shall be entitled to one member."

I should explain why I have taken the time of the house to move the amendment. There are no legal entanglements in connection with this simple alteration to the motion. May I say, sir, that I am speaking now for a number of people in Canada who are completely disfranchised, although they are just as good Canadians as any hon. member in the house. The people who live in the northwest territories have no vote and they have no representatives. They are anxious that they be granted a representative and have a voice in the government of their country. Therefore, in order that they may have that opportunity I am now speaking for them and moving this amendment, which would provide them with a representative which they desire.

An hon. MEMBER: How many are there?

Mr. IRVINE: I shall tell my hon. friend in a moment. I know the house is now ready for voting. This has been a long debate; I am just as ready as any other hon. member to vote on this question, and therefore I shall be as brief as possible.

Hon. members will remember that the situation was put most excellently by the hon. member for North Battleford (Mr. Townley-Smith). I shall take just a few moments to summarize the main points which he made. For example, he pointed out that the total area of the northwest territories is forty-two per cent of the total land area of the Dominion of Canada and that at the present time there is only one member for that vast territory. Those who live in the northwest territories section of that half of Canada do not even have an opportunity to vote for the hon. gentleman who represents the Yukon. The Yukon area is 205,000 square miles by itself; but exclusive of the Yukon territory there is an area of one and a quarter million square miles, with a population that is three or four times as great.

I need not point out, sir, that the natural wealth of that part of Canada is such that it might be taken for granted that in a short time there will be in that area a sufficient population to reach the unit of representation which is being provided for in the resolution. The country concerned is one of great wealth and of certain growth. I believe that that section is growing faster in population at the moment than any other part of Canada.

May I pause for a moment to point out that in a country such as ours we must take more into consideration than numbers of people when we are dealing with redistribution? One thing that we must take into consideration, at least for some time to come, is the extent of country which it is possible for one person to represent. We have in the British North America Act a consideration also for people being represented not on a population basis. We also have a precedent in the special act which provides for a representative for the Yukon. We cannot speak now as if we were making an exception of some other section of Canada which has just as much right to representation as the Yukon or any other part of Canada which may have extra representation because of constitutional status.

The next point is that we pride ourselves on our democratic recognition of the rights of minorities. I am now speaking for a minority; it is not a racial minority. Presumably in the population of that section of the country there are peoples of all races which make up the population of Canada. It is not a religious minority. Presumably amongst that population there are people who practise all religions; but it is a minority nevertheless of all races and of all creeds. They are Canadians, and they are disfranchised.

Mr. POULIOT: May I ask a question?

Mr. IRVINE: Yes.

Mr. POULIOT: What does the hon. member think of giving the franchise to the Eskimos?

Mr. IRVINE: The Eskimos are Canadians, if there are any Canadians, and they should have the franchise also, most decidedly. But we may come to the Eskimos some time later. I wish to confine myself now particularly to this one point. I emphasize that the people who live in the northwest territories are disfranchised. They have no say in the government of the country in which they have been born, the country in which they live, the country in which they work, and the country for which their sons fought. I think it is better that we should take time by the forelock now and meet the legitimate needs of these people before they become rebellious as people will in any part of the world who have spirit enough to rebel when they find themselves without representation, without an opportunity to take part in the government of their country, and find themselves completely neglected. That has happened in other periods of Canadian history, and it has happened in other countries as well.

This amendment is merely the application of the democratic principle of representative government in which we pride ourselves

greatly. Here is a small section of our people, living in a large and wealthy area and with no opportunity to engage in representative government. We are now amending our constitution. We are reforming our House of Commons membership and the basis of it. This is the proper opportunity for us to correct this situation in so far as the people of the northwest territories are concerned.

There is also the matter of economic interests. These should be given some consideration in a redistribution bill. I have already emphasized that the area is indeed a wealthy one. In 1941 the small population of that territory produced $9,500,000 worth of minerals and oil, and in 1943 they produced fur to the value of $3,500,000. Then there are extensive opportunities for fishing and for navigation. In that territory are both Great Bear lake and Great Slave lake, each larger by half than lake Ontario. Indeed, the waterways provide the chief means of transportation in that section of the country at the present time Then, of course, all hon. members know that in that section of Canada we have the great uranium deposit which is of such great value in connection with the development of atomic energy. There are great promises of extensive development in that regard, and from that source alone we may anticipate that in the next two years there will probably be enough people living in that section of the country to bring the population up to about 40,000, which would be pretty close to the actual unit basis for representation in accordance with the amendments proposed in the main resolution.

I have referred to the virtual disfranchisement of these inhabitants of the northwest territories. I wish to conclude, Mr. Speaker, on this note. The public business of the territory is carried on by a commissioner, a deputy commissioner and four councillors. This governing body is not appointed by the people who live there; it is appointed from Ottawa. The people have no say in who comes to Ottawa to make the appointments. The members of the governing body are mostly absentees, too, and they do not understand the conditions of the people. But the point is that the people thus governed have no say either in the selection of the apointees to whom I have referred or in the selection of the appointers of the appointees. They have no adequate and democratic way of giving expression to their grievances. They have very poor roads, and few of those, and no means of communication. Naturally they have very little in the way of the ordinary public works we find in all other parts of Canada. In addition, their cost of living is from fifty to three hundred per cent higher than in other parts of Canada. Finally, they are taxed without representation, a principle with which I do not believe this house in its heart agrees.

Therefore, I hope the government will give consideration to this very simple amendment. I think the government will agree that in all I have said I have been true to the democratic principle to which the government adheres; that I have been in line with the principle of representative government to which the government adheres; that it is reasonable to ask that no considerable population such as the 12,000 people now living in that territory should be without some means of representation; that we are now providing a new basis for representation throughout Canada, and now is the time to make this correction. So that I urge the Minister of Justice (Mr. St. Laurent) to allow his heart to warm up and melt just a little bit, and accept the amendment I have moved.

Right Hon. L. S. ST. LAURENT (Minister of Justice): Notwithstanding the great sympathy we all have for the people inhabiting the territories of the northwest at this time, Mr. Speaker, I have to submit that this amendment is not in order. It proposes to do a thing which has just been refused by the house. The house has just refused the motion of the hon. member for Vancouver North (Mr. Sinclair) to strike out the words "two hundred and fifty-five" and substitute other words, in the first portion.

Some hon. MEMBERS: No.

Mr. ST. LAURENT: Oh, yes; the house has just rejected that. We now have an amendment to strike out "two hundred and fifty-five" and substitute some other number. If the hon. member had wished to have that considered he should have moved it as an amendment to the amendment. There was an amendment to strike out "two hundred and fifty-five" and substitute some other number. Had the hon. member not been satisfied with the suggested amendment it was open to him to move a subamendment; but since he did not do so, the house has now passed upon that part. The rule, as I find it in paragraph 399 of Beauchesne is:

> After a decision has been given on an amendment to any part of a question, an earlier part cannot be amended. In like manner where an amendment of any part of a question has been proposed from the chair an earlier part cannot be amended unless the amendment so proposed be withdrawn.

There could have been an amendment to the amendment; but since there was none, the

question of striking out "two hundred and fifty-five" and replacing it with something else has been decided on the amendment itself.

Mr. IRVINE: Let us assume that this amendment is out of order, which I am not granting. Would the minister not think it would be a wiser thing to accept the principle and never mind the order, to include it in his own motion without having this at all?

Mr. ST. LAURENT: The matter of substance referred to has been given consideration. The proposal before the house is that the Yukon territory and—

. . . any part of Canada not comprised within a province which may from time to time be included therein by the parliament of Canada for the purposes of representation in parliament, shall be entitled to one member.

As to that matter, the suggestions which have been made from time to time that the sectors north of the provinces be included in the existing provinces are still under consideration, and that is something upon which no decision has yet been reached. If that were done, I do not know whether this would be north of British Columbia or north of Alberta—

Mr. MacNICOL: Alberta and Saskatchewan.

Mr. ST. LAURENT: It would then come within the general provision; and when a decision has been made as to what will be done with that territory, consideration will be given to a proper method of having it represented and administered. In any event, it should have representation. The population of a portion of the northwest territories is growing so rapidly that the present system of administration soon will be inadequate, and something will have to be devised as there was for the territories which are now Alberta and Saskatchewan. They were under territorial administration for a time, but when they got a larger population they had to be given democratic institutions. The growth now taking place in a certain portion of the northwest territories will have to be taken care of in an adequate manner. I submit that the amendment cannot be made. If it could, we could deal with all the digits, substituting each one for "245".

Mr. IRVINE: Surely whether this is in order or is not in order depends upon the fact that we are removing the digit.

Mr. ST. LAURENT: It would have been an excellent reason for a subamendment to the amendment.

Mr. COLDWELL: We did not think so.

[Mr. St. Laurent.]

Mr. ST. LAURENT: It would have been an excellent reason for amending the amendment. I submit that, the amendment having been disposed of, if the rule is to be followed it cannot be the subject of further alternative amendments.

Mr. MacINNIS: Before you make your ruling, Mr Speaker, I should like to draw to your attention what I think are the important words in citation 399. I think the important words are "earlier part". That citation reads:

After a decision has been given on an amendment to any part of a question, an earlier part cannot be amended.

I submit that the amendment moved by the hon. member for Cariboo is not to an earlier part. The hon. member for Vancouver North moved to reduce the number 255 to 250, and the hon. member for Cariboo moved that the 255 be increased to 256. I submit that this is a proper amendment because it does not deal with a matter that is an earlier part of the resolution now before the house.

Mr. SPEAKER: I would call the attention of the hon. member for Cariboo to citation 413 on page 129 of Beauchesne's second edition which reads:

No amendment shall call in question a principle on which the house has given a decision by its vote on a former amendment.

If the hon. member will compare his amendment with the amendment which was presented by the hon. member for Vancouver North and on which the house had an opportunity to vote he will see clearly that the principles of both amendments are the same. Therefore, I really believe the amendment moved by the hon. member is out of order.

Mr. IRVINE: May I say that it would take a Philadelphia lawyer to find a shadow of resemblance between the principle of the one and the principle of the other?

Mr. T. L. CHURCH (Broadview): I have an amendment to move to section 5 of the resolution. This amendment is based on the municipal law of the province of Ontario. I move, seconded by the hon. member for High Park (Mr. McMaster):

Provided that such readjustment shall not take effect until after the next census in 1951 and then only after a favourable vote of those entitled to vote at the next federal election on a plebiscite or referendum and that such address to His Majesty the King be postponed until then.

That is the principle of municipal law in Ontario in municipal elections, I read it. Let the Clerk read it.

Mr. SPEAKER: I am sorry, but I cannot accept the amendment moved by the hon. member. The rules state that a motion or amendment should be presented to the Chair in such a way that it can be read by the Speaker.

Mr. CHURCH: On a point of order, section 5 deals with the time of the coming into effect of the readjustment and I am moving an amendment which is quite in order. I am moving that a rider be added to section 5 to postpone this readjustment until after the census of 1951 and then carry it out only after a referendum or plebiscite has been taken.

Mr. SPEAKER: The rules are quite definite that a motion should be presented to the Chair with the name of the mover and the name of the seconder and presented in such a way that the Chair can read it to the house. Unfortunately I cannot do that in this case.

Mr. CHURCH: The British North America Act is like the law of the Medes and the Persians.

Some hon. MEMBERS: Order.

Mr. JOHN T. HACKETT (Stanstead): Mr. Speaker, I had an opportunity the other day of saying something on the amendment. I advanced with as much force as I could command a proposition which seemed to me to be a reasonable one—an interpretation of section 51(4) of the British North America Act. I admit that this is not a forum in which legal arguments can achieve very much. The appraisal of arguments by majority is not a satisfactory way of determining their value, but I do not complain. I wish, however, that the house be made fully aware of this fact as representing the view of the party of which I am a member.

This party stands for the correction of any inequality that obtains at the present time in the representation in this house of the different provinces. May that be quite clear. The Progressive Conservative party wishes that each province be completely, fully and fairly represented in this house.

There are two questions raised by the motion of the Minister of Justice (Mr. St. Laurent). One has to do with fair and equitable representation and in so far as that principle is concerned this party is with him. This party regrets sincerely that for a certain period of time there should have been inadequate and unfair representation in this house of at least one province.

The other question raised is, how is this proper, fair representation to be brought about? I suggested the other day that the very text of section 51, subsection 4, of the B.N.A. Act placed the instrument in the hands of the government and of the house. Nobody has contradicted, strange as it may seem, the interpretation that I placed upon subsection 4 of section 51. In fact, some hon. gentlemen opposite have gone out of their way to say that it is a reasonable, fair and, indeed, the only proper interpretation to be placed upon that subsection.

What is the objection? The objection is that somebody in the Department of Justice has advised that in one case this subsection has been interpreted in a way which runs counter to the interpretation that I have given. There is the issue. This judgment I have submitted has no bearing on my interpretation of section 51, subsection 4, and somebody else of experience and whose integrity I do not doubt says it has. Is the matter to rest there? It is very easy to submit this simple question to a tribunal. The machinery is available. The supreme court will even provide a special session or a special sitting to hear the issue. I know of no valid reason why the Minister of Justice himself might not go and argue the point. Whether the decision is an *obiter dictum* or not, does anybody think for one moment that the question which is now before the house was ever argued in all its meanings and implications before any court? To ask that question is to answer it. It was not. I submit that that is one way of dealing with this matter which is perplexing the house and possibly the government. Submit it to the courts.

There is another way of dealing with it without amending the constitution, and that way, in my submission, is found in section 52 of the British North America Act. That section states:

> The number of members of the House of Commons may be from time to time increased by the parliament of Canada, provided the proportionate representation of the provinces prescribed by this act is not thereby disturbed.

I had my day in court earlier in the week and I do not wish to weary the house with a further technical legal argument. But as we have sat here we have heard praised, and rightly praised, a certain Mr. Newcombe, who was deputy minister of justice for many years and later became Mr. Justice Newcombe of the Supreme Court of Canada. He in one instance apparently gave an interpretation of section 51(4) that I do not share. But this is what Mr. Newcombe says of section 52 and the use to which it may be put. Speaking in the Prince Edward Island case, as reported in volume 33 of the Supreme Court Reports at page 645, Mr. Newcombe says:

I submit that section 52 has no office whatever so far as the present inquiry is concerned; section 52 has never yet been invoked by parliament. The power given under that section has never been executed, but it may be executed and only in one way—that is, by increasing the number fixed for the province of Quebec. If parliament were to provide that Quebec shall have 75 members and that the representation of the other provinces shall be increased accordingly, that would be an enactment quite within the authority of the dominion parliament and referable solely to the authority conferred by section 52.

I shall not read farther. One of the learned judges questioned Mr. Newcombe and asked him if it was not to apply to a certain set of circumstances, if it was not to apply to the admission of the northwest territories and Mr. Newcombe replied in the negative.

I say that if it is deemed desirable to increase the representation of Quebec, if one wants to give Quebec seventy-three members in order that it may have eight more than it has now, it is not necessary for the purpose to amend the British North America Act. Nobody has ever said that it is necessary to amend the constitution to increase the membership of the house under section 52; and we have a high authority, Mr. Newcombe, later Mr. Justice Newcombe, who says that it is not necessary. I say therefore to the government, by all means let us give each province full and fair representation, and that immediately. But to correct one injustice do not initiate a second one. You may refer to the court, if you think it necessary, section 51 (4) for interpretation and you can have a decision in three weeks. If you want to go to the privy council with it you may go at the autumn session. If you wish to increase the number of members from Quebec you can bring in your legislation and this parliament has the power, so long as it preserves the parity, the proportionate representation of the provinces, to enact the means that will enable you to give Quebec more members than it has at the present time. At the same time you will, of course, have to give added representation to the other provinces.

Oh, somebody may object, you are going on with Ontario on the basis of eighty-two members. Of course you are not. You can submit that to the court, if need be. Ontario does not seek any unfair representation in this house. The unit of representation is 51,213. Divide Ontario's population by that number and it will take what comes to it without complaint.

That brings me to this point. I know that in my native province I shall be called a Tory, an imperialist, somebody who is colonially minded; I shall be called many other things. All of that does not weigh very heavily with me because name-calling does not always redound to the glory of him who indulges in it. But I am anxious that it be known fully and clearly that this party stands for justice, that it is not Francophobe and that it is not hostile to the majority of the population in my own province.

I believe it is a great misfortune that a whole ethnological group should find itself in one party. I think it is unfortunate for the party to whom that ethnological group has gone, to seek shelter, if you will. It places that party in a position of ascendancy over that element and causes it to treat it frequently shabbily and as a poor relation and as if it did not enjoy that which is essential to parliamentary government and to representative government; that is, the freedom to go elsewhere if it does not like the treatment it receives at the hands of those to whom it has given its allegiance. It is unfortunate for the party which has the entire support of any ethnological group, because it brings about that type of domination which is undesirable and which is repugnant to the very essence of fair and representative government.

It is unfortunate for another reason. If an ethnological group gives its entire self to one party there is always the danger and temptation that another ethnological group will range itself in opposition to it; and when a people begins to divide, not according to political conviction, but according to race, creed and other divisions of that kind, then trouble awaits that body politic.

Moreover, it is unfortunate for the group which gives itself to—I was going to say, which seeks sanctuary with—one party, because it believes that it can only find protection and self-expression within the party to which it gives its adherence. That is a misfortune, because it places that ethnological group in a position of subservience and forces it to take treatment which it could not and would not take were it entirely free.

But the misfortune does not stop there. It weighs heaviest on a party like mine which is deprived of the wisdom, the culture, the foresight and the tradition of those who make up that ethnological group. We in this party are poor, because in a crisis like this we are denied knowledge of how the heart of him who is most affected—the French Canadian—beats, what he wants, and how he would express himself were he free to break party bonds and do so.

I cannot hold myself out as the interpreter of any group. I have no title to speak for the French people. None of their blood courses through my veins. But I have the great honour—and I consider it a high honour

—of representing a constituency in which the big majority of the voters are French, and I consider that, inadequate as is my interpretation of their sentiments, faltering as my words must be, I would be untrue to my mandate if I did not say that which I feel impelled to say here to-night. I want to say that if I went back to my people and had to tell them that by my vote I had consented to make their constitution, that by which they live and thrive and hope to be perpetuated, a mere statute, a mere third-rate statute such as regulates the height of a railway crossing, I would hang my head in shame and feel that I had been unfaithful to their trust in me.

When I go back to my people, regardless of what I may be called in the press, regardless of what my opponents may say of me, I want to say to them, "I believe that the constitution gave you rights and afforded you protection compared with which eight seats in any legislature—eight seats in the parliament of Canada, if you will, much as I honour the position which goes with a seat in this house—seem very small, very meagre, very mean. In contrast to what was yielded up you got nothing."

Consider for a moment this aspect of the matter. Something was said about section 133; I have nothing more to say about that. But when hon. gentlemen opposite accept this method of amending the constitution—and let me point out that although the constitution has been amended in the past easily and lightly, but not frequently, this is the first time that the big issue as such has ever been before parliament—this time we are taking the irretrievable step. Never again will this parliament or anybody in it be heard to say that the constitution is a pact or a treaty. Never again, once this motion has passed, may any hon. member who votes for it raise his voice and say, "My rights have been taken from me", provided that they are taken from him at the behest of the parliament of Canada. We are at the end of a debate in which that contention must vanish forever; and the constitution of Canada will stand, when we emerge from this debate, as the merest statute which can be torn to shreds whenever the exigencies of a political party or a diminishing political majority exact it.

When we have done that, what have we from Quebec surrendered? As the constitution stands to-night, whether the population of Quebec be 100, whether it be 100,000, or whether it be 10,000,000, the province of Quebec, the minority, the people who were here first, the people who were just a little island in a whole sea of peoples of different origins, different cultures, different speech, different aspirations, the people of the province of Quebec have for all time at least sixty-five members in this house. To-night we tear up that guarantee; we throw it to the winds; we put ourselves exactly where Prince Edward Island is, and—

Some hon. MEMBERS: Oh, oh.

Mr. HACKETT: Somebody says "poof", but time plays strange pranks with peoples. There was a time when Prince Edward Island, Nova Scotia and New Brunswick were mighty among the colonies on this continent; but times have changed and they are now small, insignificant, and two out of the three of these provinces are dependent upon the amendment which gives to those provinces that pittance of representation in this house equal to that in the senate.

I am no predictor of ill; I forecast no evil for Quebec. But the day may well come when those fertile prairies of the west, that rich hinterland of the north, will possess a proportion of our population which will reduce Quebec to sixty members, to fifty members, to forty members, to thirty members, and to the mere handful of twenty-four secured to it by section 51A of the constitution. Oh, you may say that I am drawing on my imagination. Well, I recall a page in Macaulay—I may not cite it accurately—in which he foresees the day when England will no longer be mistress of the seas, when England will no longer be ruler of the world, and he speaks of that day as one in which "a single naked fisherman shall be seen washing his nets in the river of ten thousand masts". We know what has happened to the greatness of Massachusetts, for example, and to the population in the industrial centres of that state who have gone south. We have not to go far to find considerable shifts of population such as have occurred recently in the New England states. I say, therefore, to hon. gentlemen opposite: If you wish to support this motion to-night you are yielding yourselves up to a fortune which may play you a sorry prank; and I for one, wishing to be true to the mandate that was entrusted to me and entrusted to me despite grave temptation to the contrary, because appeals were made to a majority, which I could not very well resist, I would feel, I say, unfair to those men and women; I would feel that I was unfair to their children and their children's children, if I sold them out in order that my province might for a short time have eight more members in this house than it has to-night.

There was a time when Ontario had eighty-one members, another when it had 92 members, and it is universally admitted to-night—

and Ontario does not flinch from it—that if the account were properly made it is entitled only to seventy-four. All right; seventy-four from the top; that is nineteen off. Treat Quebec in the same way; take 19 from Quebec, and it does not require much imagination to appreciate the result. However, I am doing that which I deem to be my duty when I say to my hon. friends opposite: You are writing finis to the chapter; you are putting an end to your right ever to complain of any inequality, of any unfairness, of any encroachment upon your rights, because you of the province of Quebec know as well as I do that, without your support, this parliament, this government, is powerless. Without your support, without your wish, without your will, the British North America Act cannot be amended, so that your rights and privileges may be torn therefrom it any time to suit the exigencies of a parliamentary majority.

I do not like to be disagreeable to anybody. My hon. friend the member for Rosetown-Biggar (Mr. Coldwell) the other day said that it was not the first time the Tories and the Nationalists of Quebec had united for nefarious purposes.

Some hon. MEMBERS: Hear, hear.

Mr. HACKETT: "Hear, hear"! It may lie in the mouths of some people to say that, but not in the mouth of the party represented by the hon. gentlemen whence the "hear, hear" came. May I say to the hon. gentleman who made the charge that unless my memory plays me false an agreement was made between a gentleman before whose memory I bow—he was a God-fearing man—the late Mr. Woodsworth, and the right hon. gentleman who leads the government to-day, whereby the late Mr. Woodsworth dictated the policy of the Liberal party in the period between 1926 and 1930, in order that the party opposite might remain in power.

Mr. MACKENZIE KING: My hon. friend has made the statement that an agreement was made between Mr. Woodsworth and myself whereby this government was in some measure controlled. I say there never was at any time any such agreement.

Mr. HACKETT: I will ask the right hon. gentleman whether he received the letter in which Mr. Woodsworth accuses him of not carrying out the agreement, and which was put on *Hansard* on January 20, 1926, at page 560, to which the right hon. gentleman replied on January 28, 1926.

Mr. MACKENZIE KING: That matter has been discussed half a dozen times in this house, and if my hon. friend will look at the volumes of *Hansard* where the matter is referred to he will find a complete reply. I am giving him my word at the present time that there was no such agreement made by myself with any party in this house.

Mr. MacINNIS: I think the hon. gentleman should read both letters. I do not think there is any accusation in the letter written to the Prime Minister. There is in it something which I am not a bit ashamed to have read, but my hon. friend, I say, should read both letters.

Mr. HACKETT: The two letters are here, and the letter from Mr. Woodsworth to the Prime Minister is this:

As representatives of labour in the House of Commons, may we ask whether it is your intention to introduce at this session legislation with regard to (a) provision for the unemployed; (b) old age pensions?

We are venturing to send a similar inquiry to the leader of the opposition.

Then Mr. Woodsworth went on to explain that he had been informed that these undertakings would be carried out, and the Prime Minister wrote him a letter.

Mr. MACKENZIE: Do not read excerpts; read the text.

Mr. HACKETT: The Prime Minister wrote him a letter on January 28, as follows—

Mr. MACKENZIE KING: Finish the other letter.

Mr. HACKETT: I shall:

We are venturing to send a similar inquiry to the leader of the opposition.

Yours sincerely,

J. S. Woodsworth,
A. A. Heaps.

I now read the Prime Minister's letter:

Dear Mr. Woodsworth:

Replying to the letter received from Mr. Heaps and yourself, dated January 7, in which you ask whether it is the intention of the government to introduce at this session legislation with regard to

(a) provision for the unemployed, and

(b) old age pensions, I would refer you, respecting provision for the unemployed, to the answer given in the House of Commons to-day by the Hon. Ernest Lapointe on behalf of the government in reply to a question by yourself and which indicated the government's intention of carrying out with respect to emergency relief the practice adopted in cooperation with provinces and municipalities in the years immediately following the war. In answer to a question from Mr. Neill, Mr. Lapointe further intimated that it was the intention of the government to introduce at this session legislation with respect to old age pensions. You will observe that the statement made by Mr. Lapointe was in accordance with the intimation which I gave to Mr. Heaps and yourself at the time of our interview, following the receipt of the communication herein referred to.

With respect to amendments to (a) the Immigration Act; (b) the Naturalization Act, and (c) the criminal code, which were referred to at the time of our interview, I would say that having since taken up the proposed amendments with the ministers concerned, I feel that I am in a position to assure you that legislation on these matters will also be introduced in the course of the present session.

Yours sincerely,

W. L. Mackenzie King.

Mr. MACKENZIE: What is wrong with that?

Mr. MACKENZIE KING: May I say one word? I have been asked repeatedly by leaders of the opposition and of other parties in the house what the intention of the government was with respect to certain legislation. I have given the information as best I could; but it is quite a different thing to answer a question and give information from entering into an agreement with any party to do a certain thing. There was no agreement. I was stating the intention of the government in reply to an inquiry, just as I would expect the leader of the opposition in reply to an inquiry, to state his intention. I do not call that entering into an agreement or subjecting one's party to the control of another party.

Mr. HACKETT: I draw the attention of [illegible] for Rosetown-Biggar referred to combinations between the Tories and the Nationalists; [illegible] they were following a very bad example which was set by the C.C.F. party and the Liberals who were then almost in a minority and who were dependent upon the good will of the party headed to-day by the hon. member for Rosetown-Biggar for support and for their very parliamentary existence.

The other evening the Minister of Justice (Mr. St. Laurent) said that we had no reason to fear that anything would happen to the rights and prerogatives of the province of Quebec. These words are not his, but I quote them from *Le Canada*, the paper of his party, which gives him the following flaming headline:

La conscience universelle et le fair play britannique protègent la langue française.

The translation is:

The universal conscience and British fair play protect the French language.

I am going to say to the Minister of Justice that British fair play is not restricted to the British isles. I hope, I believe, I know that there is fair play not only in one but in all provinces. That being so, is there any reason why the other parties to this contract, from which the B.N.A. Act emerges, a contract the observance of which is so important and vital to them, should not be consulted? I submit that the very essence of British fair play would impel the minister to take any amendment to this document to the provinces before going abroad with it. Is there any reason to suspect that these provinces will be unfair in considering it?

Then there is the wail that this party is in collusion with the government of the province of Quebec. So far as I am concerned I wish it were. I see no impropriety in parties finding expression both in the legislatures and in the House of Commons. I see no impropriety in closer relationship between the members of this house and the government of Quebec. Unfortunately that relationship does not exist, but in so far as I at least am concerned I would see no impropriety in such a relationship.

There is also the question which possibly I should have raised a little earlier in my remarks had I treated it in its proper place, namely, the question of cost. According to the British North America Act, 230 representatives from the various provinces of this dominion should constitute the next parliament of Canada. It will mean a reduction of twenty-five members if one considers the 255 mentioned in the motion of the minister. It is impossible to maintain a member of parliament for less than $10,000 a year. He receives as an emolument and, for expenses, the sum of $6,000. Add to that travelling expenses; the salary of a secretary and other incidentals. I submit that the public accounts show that the cost of maintaining a member is something in excess of $10,000 a year. The sum of $10,000, multiplied by twenty-five, is $250,000, and on that basis, taking current interest rates, it entails a capital of $10,000,000, which even in these days is worth while saving.

Mr. T. L. CHURCH (Broadview): I wish to say to the government that they have no mandate whatsoever for this proposed legislation. They should consider the time, the place and the manner in which they are asking for this legislation. The British North America Act, at the time it was passed, was looked upon as the law of the Medes and Persians; it could not be changed. You may call it a pact, a compact, a contract, an agreement or a treaty; you can call it anything you like. There is a difference of opinion on the part of those who have taken part in this debate. Some have been for one thing and some for another.

So far as this particular resolution is concerned, we have no right, for political purposes, to make a scrap of paper out of the British North America Act. That is what we are

doing, making a scrap of paper of the work of the fathers of confederation. Let us look at what the government is doing to-day. If we open the door at all we shall have what happened in the United States. The house will remember what happened over there when they tried to interfere with the written constitution. There is in Canada a written constitution, the British North America Act. There is an unwritten constitution, consisting of customs, usages, conventions, precedents and all these things, which is called the unwritten law. These things have been expounded. If you open the door at all, what is to become of section 133; what is to become of section 55 of which the Minister of Justice (Mr. St. Laurent) gave a learned exposition?

I can tell you what happened in the United States. They annexed ten states; some were bought from one country and some from another. In Louisiana they had a condition somewhat similar to the condition we have in one of the provinces of Canada. They had a government under Huey Long there, and look at what they did notwithstanding written law, unwritten law, the terms of a treaty and purchase or language or anything else.

The government has no mandate for this proposed legislation. Who is asking for it? Has any provincial legislature passed a resolution in favour of this legislation? I say no. I know a great many people in the province of Ontario, and I tell you the answer of this province is going to be, "No surrender." This comes at a very unfortunate time, when we consider what we have been doing since this parliament met last March. We are to have a new flag and a new anthem, and they want to abolish appeals to the privy council. I can tell you this, that the privy council is one court where a litigant can get justice. I remember a decision in 1914 of Lord Haldane, referred to by an hon. member the other evening, in connection with public ownership of light, power and transportation in the province of Ontario. We never would have had the cheap light and power had it not been for the privy council. Injunction after injunction was issued. I insisted upon an appeal to the privy council, and a great victory was won in 1912 and 1914 for municipal institutions in this province.

I am going to ask the Minister of Justice a question, because he is always polite and courteous. I want to point out that the municipalities and the provinces have a practice of submitting election matters to the people by a referendum or plebiscite. The people should vote on this resolution. Many provinces have that municipal legislation. It is a good and wise provision, because it protects the taxpayers and the voters, by a vote of the people, from what the legislatures occasionally do. I have brought into this house on other occasions a bill providing for the holding of plebiscites or referendums on these great national questions, and I should like to ask the minister if that practice could not be adopted here. After all, as has been shown in this debate, the last census was not taken properly. That was not the fault of the census officials, but resulted from the fact that the war was in progress. There were 70,000 soldiers from the Toronto district spread all over Canada and overseas; women and war workers moved to other parts of the country, and they were not counted when the census was taken from door to door. For that reason we should wait until after the census of 1951. Then we should have a referendum or plebiscite before we change the whole system of representation which we have followed since 1867.

We would not be doing something new in holding a referendum, because late in 1941, on motion of the Prime Minister (Mr. Mackenzie King), a referendum was held in connection with changing what had been done previously in regard to one matter, and a vote was taken in every federal constituency. Here you are going to change the whole federal law and alter the present situation, which means you are going to open the door to changes in the British North America Act and make a scrap of paper out of that part of the act. The provinces exist to-day because of a treaty or agreement or contract, a pact and a compact. The provinces have their constitution under section 92; the field of federal matters is laid out in section 91. Now, over the heads of the representatives of the people, of our own accord we are going to make an application to His Majesty the King and the parliament of the United Kingdom along certain lines. I can tell you, from what has been said in the debates on the last two or three applications of this kind, that this request will not be sanctioned by the British house without a very lively debate, and questioning as to what consultation has been had with the provinces. We have been changing many things. Through isolation and separatism we have almost closed the door on the old land. Here we have a compact of 1867 upon which the two old provinces agreed, and it cannot be changed in this way.

There is another matter I should like to mention in conclusion. The first thing this house should do is recover some of the rights, privileges and functions we have lost to outside boards. Call this a free parliament! I would not call it a free parliament at all. The

press was founded on the ruins of the old type of parliamentary representation they had in England. The press has been the only organ of public opinion. The defects in our parliamentary system brought about this. From the time of the reform bill in 1834 right down to the change in the constitution which wiped out the rotten boroughs and the pocket boroughs and all that kind of thing, the press had a part to play, and they fulfilled the functions which were later performed by the House of Commons when it had real parliamentary representation. Now, if you are going to tinker with the constitution in this way you are going to cause wide disunity in this country. The people back in the constituencies must be considered. We have no mandate from them. I have no mandate from my constituents to support an application like this; neither has any other Ontario member sitting in this house. Shades of Wallace and McCarthy and John Ross Robertson and John R. Robinson, while all this is going on in this House of Commons over the heads of the electors back home!

In my opinion the procedure is all wrong. If you make a scrap of paper out of certain sections of the British North America Act the whole thing will be wrecked, and we shall be back where we were before confederation. You will notice that no bill has been brought in with regard to this matter. In other days, when an amendment of the British North America Act was considered, the resolution was supported by a bill which had to pass both houses of parliament. I believe that should have been the practice followed here, because you cannot move the six months' hoist under this resolution. To-night I tried to introduce an amendment under which we would adopt the municipal law, but it was not even read to the house, although seconded by the hon. member for High Park. I want to point out that a private member has certain rights, privileges and functions in this house which cannot be interfered with. I remember reminding this house the other evening that when King Charles marched into parliament and addressed his honour, Speaker Lenthal, the reply was, "I have neither eyes to see nor ears to hear but as the house gives me utterance."

Once more I am going to ask the Minister of Justice, will he not agree to postpone this matter until after the census of 1951 and a referendum to the people on it? I see the minister shaking his head; apparently he is not going to answer directly. Then will he agree to adopt the municipal law? Again I see his answer is no. Well, the minister has given only two noes; once in the province of Ontario we had to vote on four noes, in connection with the temperance vote. I suppose we shall just have to swallow this and say nothing more about it. If that is what parliamentary government in Canada is amounting to, the quicker the house of parliament prorogues and we have an election, the better. We shall have one in the fall anyway over this very matter of provincial and federal rights.

As I said before, the provinces are a duplicate municipal system, and they have grave questions to deal with. The British North America Act came about because of a compromise, and there should be some compromise about this matter.

I am sorry the government have taken this stand. They have no authority; they have no mandate. If the province of Ontario, which contributes about forty-one per cent of the taxes, is to have its membership cut down, then the people of Ontario will find out about it. There is no better way to wreck confederation than to pass the proposed resolution. It will not provide a system of checks and balances, or improve parliamentary representation. It is simply an application to the mother of parliaments, and I hope before long it will be thrown out over there.

Right Hon. L. S. ST. LAURENT (Minister of Justice): Mr. Speaker, there are just a few points about which I wish to say a few words. First of all, I shall dispose of some that I had noted prior to the continuation of the debate this afternoon, and then perhaps I shall have a little to say about some of the later speeches we have heard. There seems to be some anxiety as to whether or not the enacting of the amendment proposed in this resolution would affect the provisions of the British North America Act known as section 51 (a) and section 52. Section 51 (a) reads as follows:

> Notwithstanding anything in this act a province shall always be entitled to a number of members in the House of Commons not less than the number of senators representing such province.

Section 52 reads:

> The number of members of the House of Commons may be from time to time increased by the parliament of Canada, provided the proportionate representation of the provinces prescribed by this act is not thereby disturbed.

Sections 51 (a) and 52 will not be affected in any way. It is a principle of interpretation that has even been inserted as a text in our Interpretation Act. Section 10 reads:

> The law shall be considered as always speaking, and whenever any matter or thing is expressed in the present tense, the same shall be

applied to the circumstances as they arise, so that effect may be given to each act and every part thereof, according to its spirit, true intent and meaning.

Section 51 as proposed in this resolution; section 51 (a) as I have read it and section 52 as I have read it will still continue to speak and may, if and when occasion arises to resort to them, provide authority for whatever may be found to be the right thing to do at the proper time. The United Kingdom interpretation act, which would probably apply to this statute in view of the fact that it is a statute passed by the imperial parliament, provides in its section 8 that every secion of an act shall have effect as a substantive enactment without introductory words. Then section 32, subsection 1, provides:

Where an act passed after the commencement of this act—

That was in 1889.

—confers a power or imposes a duty, then, unless the contrary intention appears, the power may be exercised and the duty shall be performed from time to time as occasion requires.

I submit that section 51 as contained in the resolution; section 51 (a) as it already is in the act and section 52 as it already is in the act, shall all three remain there as separate enactments providing powers that may be exercised whenever occasion requires them to be used.

Mr. BROOKS: May I ask the minister a question just for my own information? With respect to New Brunswick where we have ten members out of 245, if the representation is changed to ten members out of 255 would that not change the proportionate representation of New Brunswick and would that not be a violation of section 52?

Mr. ST. LAURENT: Section 52 is not a section which restrains in any way the powers of the parliament of the United Kingdom; section 52 is a section which deals with the powers of the parliament of Canada. The parliament of Canada could not, by increasing the number of members of Canada, change the proportion. According to part of the argument of the hon. member for Stanstead (Mr Hackett), with which I will deal a little later, he would seem to contend that that would be representation by population, disregarding other restrictions. But that would not be my construction. My construction of the act would be that if section 52 were used at the present time or at any time in future the number of members of parliament for a province would have to be the proportion it had prior to the increase, and if there were an increase from 255 to 355, New Brunswick would have to have 10/255ths of 355.

Mr. BROOKS: Why not 10/245ths?

Mr. ST. LAURENT: That is not what we are asking the imperial parliament to enact at the present time. In 1915 Prince Edward Island and New Brunswick got something which they did not have before, something which gave them representation not based upon their numerical proportion of the population of Canada. On this occasion an application is being made to get a new basis of distribution which will not reduce the representation of Prince Edward Island but which will not give it the additional half member it would receive if it were an increase made by the parliament of Canada under section 52.

I should like to call the attention of the hon. member for Richelieu-Vercheres (Mr. Cardin), who was so much concerned about the vote that he did say he would give after the amendment that was then before the Chair had been defeated, to the vote and proceedings of the legislative assembly of the province of Quebec of March 7, 1945. He will find there that the following resolution was moved, seconded and voted upon after debate:

Whereas, under the amendment to the constitution in 1943 our province was deprived of its proportion of representation in ratio to the other provinces;

Wherefore this house invite the federal government to revise the electoral map before the elections so as to render justice to the province of Quebec.

That motion was put and the vote was 82 yeas, no nays. Among those who voted with the yeas was the Hon. Mr. Godbout, the same gentleman of whom the hon. member for Richelieu-Vercheres spoke this afternoon, and the Hon. Mr. Duplessis, of whom the hon. gentleman also spoke this afternoon. They and eighty of their colleagues in the legislature voted to invite the federal government to revise the electoral map before the elections so as to render justice to the province of Quebec. The hon. member for Stanstead has said that the party to which he belongs regards the raising of the representation of the province of Quebec to seventy-three, provided the representation of Ontario is to remain at eighty-two, as an act of justice. If that is so, if that is the view that those who are opposing this resolution take, then I can say to the hon. member for Richelieu-Vercheres that the eighty-two members of the legislature of Quebec who voted that resolution have invited us to do that act of justice.

With respect to the legal argument advanced by the hon. member for Stanstead, with the

first portion of his speech I was very much impressed. I thought it was helpful, something that would be of great value to the national unity of this country. But I was unable to persist in that impression of his speech as it developed. The legal argument is that under section 52, without an amendment, if it were desired to have the representation of Quebec at seventy-three, a redistribution could be made which would give Ontario eighty-three. Let us see just what that section says.

The hon. member for Stanstead and I have grown up together. We very often have the same ideas, and this is one which I put to the law officers of the department, asking them if we could not by using section 52 bring about this fair readjustment, eliminate this over-representation which the province of Ontario does not want, which the members of the Progressive Conservative party, speaking through the hon. member for Stanstead, come into the house and say: We do not want it to continue. Nevertheless in fact we see what measures are being taken to prevent the over-representation from being adjusted. Section 52 says:

> The number of members of the House of Commons may be from time to time increased by the parliament of Canada, provided the proportionate representation of the provinces prescribed by this act is not thereby disturbed.

The opinion I got from the officers of the department was that the proportionate representation prescribed by this act was 82/245ths for Ontario at the present time and 62/245ths for Quebec at the present time, and that if there were an increase in number that would bring Quebec's up to seventy-three, then Ontario's would have to go necessarily to ninety-two, Nova Scotia to thirteen and New Brunswick to eleven, each one being increased by just a little bit less than one-eighth; Manitoba, seventeen on the basis of the last census would go from fourteen to sixteen; Saskatchewan, on the basis of the last census, would go from seventeen to nineteen; Alberta from seventeen to nineteen; British Columbia from sixteen to eighteen.

The hon. member says: Well, if you want Quebec to have seventy-three, give them seventy-three. But what difference in the proportionate representation would that make? To what degree would that cure injustice if it means adding ten to the eighty-two already representing Ontario?

The hon. member says: Well, submit it to the court. I suggested submitting it to the court, and I was told that it was quite useless to attempt to get a decision that would be anything but a strict interpretation of this section 52, which requires the increase in number to respect the proportion of representation at the time it is made.

What objection is there to doing it in this way if it is the fair thing to do? This is a way that will do it, and do it in a manner the legality of which cannot be questioned by anyone. Nobody can pretend, if this resolution carries and an amendment is made to the British North America Act in these terms, that it will not be absolutely valid, that there can be any question whatever about its legality. Is that not the right thing to do with respect to the representation in this house? If it is the fair thing to do, why not do it in a manner about which no one can raise any question? If the hon. gentlemen on the other side agree that it is the fair thing to do, why all this debate and all this opposition and all these amendments that have been brought forward?

But it did not stop there. I shall not impute motives; I am just drawing conclusions as to what would be the effect of the attitude, taken, and contrasting it with the speeches made from the other side in opposition to this redistribution. I am not over-impressed by the dismal picture of the future of my race in Canada drawn by the hon. member for Stanstead. I do not foresee an early day when the descendants of the French who have inhabited this country for over three centuries will be reduced to the poor fisherman washing his nets on desolate banks of the St. Lawrence. I feel that my people, those of my race, can stand on their own feet and that if they get in the parliament of their nation the right to be represented by a number of elected members proportionate to their own numbers they will be very well taken care of and they will have no occasion to complain of any unfairness. This bugaboo that is brought forth to scare them away from the restoration of something that no one here dare say is not the fair thing to do impresses me very little. Your language, it is said, will be taken from you! Your rights will be taken from you!

If this thing goes through, it will be the last of the contention that the provinces have to be consulted and then there is no protection for the rights of the minorities! If it is to be the last of the contention that the constitution of this nation cannot be amended in respect of national matters unless the proposal be subjected to the veto of the great powers who sit in the provincial capitals, then I think this is a happy day for Canada. This veto business is something which is proving very difficult in the assembly of the united nations, and if in this assembly of the repre-

sentatives of the Canadian people we can down it forever we shall be performing a service to the Canadian nation.

I think all hon. members who have participated in the debate and who have brought forward all the arguments that could be used for or against such a contention. I agree with the hon. member for Stanstead that there will be no occasion hereafter to say that the decision which is to be made on this resolution is an *obiter dictum*. It is a thing which will have been argued and which will have been considered and about which the will and judgment of the representatives of the whole of the Canadian people will have registered their finding. May it be a finding that will endure.

Another objection is: Oh, yes, we want fairness, we want justice, but be careful; it is going to cost $10,000,000 to give it to you. It is going to cost $10 million to give Quebec that justice which Ontario is so anxious Quebec should have, but about which they want references to the courts; they want referenda to the population; they want the application of municipal law. All this is nice talk. "We want you to have that, but just try this, or that or the other thing before you get it; and in the meantime, of course, we will have", according to the hon. member for Broadview (Mr. Church), "another census, and we will try to see if you cannot do with a little less than we are so anxious to have you get, provided that you do not get it now".

I am glad that officially the Progressive Conservative party is taking the position that it is fair that Quebec should have this representation. I am glad and I think it will be helpful to national unity that the party go on record as taking that position. But I hope that it will not only do so only in words written into *Hansard*, that it will be not only a line of convenient pronouncement, but a line of actual conduct to be followed. I agree with the hon. member for Stanstead that it would be a more healthy situation if the party to which he belongs could get some representation in the constituencies of my province. It may be unfortunate that they cannot do so, but it is not my conduct that is the cause of that unfortunate result. I hope that the language used by the hon. member for Stanstead will be translated into action by the members of the party to which he belongs. It is by actions and only by actions that they can hope to win support from the constituencies of my province.

I think, Mr. Speaker, that this resolution has now been sufficiently debated and that the time has come when the question can be put to the members of this assembly.

[Mr. St. Laurent.]

The house divided on the motion (Mr. St. Laurent) which was agreed to on the following division:

YEAS

Messrs:

Archibald	Lafontaine
Argue	Lalonde
Arsenault	Langlois
Baker	Lapointe
Beaudoin	Laurendeau
Belzile	Leger
Benidickson	Lesage
Bertrand (Terrebonne)	Little
Blackmore	Low
Boivin	McCann
Bourget	McCuaig
Bridges	McCulloch (Pictou)
Bryce	McCullough (Assiniboia)
Burton	McIlraith
Campbell	MacInnis
Cardin	McIvor
Castleden	McKay
Cleaver	Mackenzie
Cloutier	MacLean
Coldwell	Maloney
Coté (Matapedia-Matane)	Marier
Cruickshank	Marquis
Dechene	Marshall
Denis	Martin
Dion (Lake St. John-Roberval)	Matthews (Brandon)
Dionne (Beauce)	Matthews (Kootenay East)
Douglas	Maybank
Emmerson	Mayhew
Fair	Mullins
Farquhar	Mutch
Fontaine	Nicholson
Fournier (Hull)	Nixon
Fournier (Maisonneuve-Rosemont)	Quelch
Gauthier (Nipissing)	Raymond (Beauharnois-Laprairie)
Gauthier (Portneuf)	Raymond (Wright)
Gibson (Comox-Alberni)	Richard (Gloucester)
Gibson (Hamilton West)	Richard (Ottawa East)
Gladstone	Rinfret
Golding	Robinson (Simcoe East)
Gourd (Chapleau)	St. Laurent
Grant	Shaw
Hallé	Sinclair (Vancouver North)
Hamel	Sinnott
Herridge	Stewart (Winnipeg North)
Hlynka	Strum, Mrs.
Irvine	Tremblay
Isnor	Tucker
Jaenicke	Warren
Johnston	Weir
Jutras	Winkler
King, Mackenzie	Winters
Kirk	Zaplitny—107.
Knight	
Knowles	
Kuhl	

NAYS

Messrs:

Aylesworth	Church
Barrett	Drope
Blair	Fleming
Boucher	Fraser
Bracken	Fulton
Bradshaw	Macdonnell (Muskoka-Ontario)
Brooks	

McLure	Skey
MacNicol	Stanfield
Menary	Tustin
Ross (St. Paul's)	White (Hastings-Peterborough)—22.
Senn	

PAIRS

(The list of pairs is furnished by the chief whips.)

Breithaupt	Harris (Danforth)
Chevrier	Casselman
Gardiner	Ross (Souris)
Healy	Charlton
Ilsley	Graydon
Macdonald (Brantford City)	Manross
McCubbin	White (Middlesex East)
Michaud	Ferguson
Parent	Rowe
Pouliot	Ashby
Ross (Hamilton East)	Cockeram
Smith (York North)	Hodgson
Stuart (Charlotte)	Murphy
Howe	Hatfield
Gingues	Pearkes
Glen	Black (Yukon)
Bertrand (Laurier)	Lockhart
Claxton	Webb
Eudes	Kidd

Mr. MacKINNON: I was paired with the hon. member for Calgary West (Mr. Smith). Had I voted I would have voted for the motion.

Mr. COTE (Verdun): I was paired with the hon. member for St. John-Albert (Mr. Hazen). Had I voted, I would have supported the motion.

Mr. JEAN: I was paired with the hon. member for Waterloo South (Mr. Homuth). Had I voted, I would have voted for the motion.

Mr. BERTRAND (Prescott): According to an understanding between the delegates to the B.P.A., I was paired with the hon. member for Lake Centre (Mr. Diefenbaker). Not seeing him in his seat I declined to vote. Had I voted, I would have voted for the motion.

Mr. MACDONALD (Halifax): I was paired with the hon. member for Cumberland (Mr. Black). Had I voted, I would have voted for the motion.

Mr. WHITMAN: I was paired with the hon. member for Calgary East (Mr. Harkness). Had I voted, I would have voted for the motion.

Mr. BLACK (Chateauguay-Huntingdon): I was paired with the hon. member for Huron North (Mr. Cardiff). Had I voted, I would have voted in favour of the motion.

Mr. BONNIER: I was paired with the hon. member for Bruce (Mr. Robinson). Had I voted, I would have voted for the motion.

Mr. MacNAUGHT: I was paired with the hon. member for Elgin (Mr. Coyle). Had I voted, I would have voted for the motion.

Mr. GOUR (Russell): I was paired with the hon. member for Vancouver-Burrard (Mr. Merritt). Had I voted, I would have voted for the motion.

Mr. CLARK: I was paired with the hon. member for Kent (Ontario) (Mr. Desmond). Had I voted, I would have voted for the motion.

Mr. BROWN: I was paired with the hon. member for Lambton-Kent (Mr. Henderson). Had I voted, I would have voted for the motion.

Mr. McGREGOR: I was paired with the hon. member for Cochrane (Mr. Bradette). Had I voted, I would have voted against the motion.

Mr. STIRLING: I was paired with the Minister of Labour (Mr. Mitchell). Had I voted, I would have voted against the motion.

Mr. GREEN: I was paired with the hon. member for Quebec-Montmorency (Mr. LaCroix). Had I voted, I would have voted against the motion.

Mr. LENNARD: I was paired with the hon. member for Compton (Mr. Blanchette). Had I voted, I would have voted against the motion.

Mr. ADAMSON: I was paired with the hon. member for St. James (Mr. Beaudry). Had I voted, I would have voted against the motion.

Mr. STOKES: I was paired with the hon. member for Chambly-Rouville (Mr. Pinard) Had I voted, I would have voted against the motion.

Mr. JACKMAN: I was paired with the hon. member for Bellechasse (Mr. Picard). Had I voted, I would have voted against the motion.

Mr. HACKETT: I was paired with the hon. member for St. Antoine-Westmount (Mr. Abbott). Had I voted, I would have voted against the motion.

Mr. DANIEL: I was paired with the hon. member for Parry Sound (Mr. McDonald). Had I voted, I would have voted against the motion.

Mr. STEPHENSON: I was paired with the hon. member for Ontario (Mr. Sinclair). Had I voted, I would have voted against the motion.

Mr. McMASTER: I was paired with the hon. member for Champlain (Mr. Brunelle). Had I voted, I would have voted against the motion.

Mr. LAPALME: I was paired with the hon. member for Argenteuil (Mr. Heon). Had I voted, I would have voted for the motion.

SUPPLY

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

DEPARTMENT OF JUSTICE

96. Departmental administration, $199,970.

Mr. FLEMING: The Minister of Justice will recall that when the estimates of his department were before the house last December he made a statement in regard to his intention to introduce a bill with reference to judges' salaries. His words are to be found at page 3473 of *Hansard* and are as follows:

> I hope to have a bill dealing with that matter at the next session, to come into force at a later day, not upon adoption. I hope to have it for consideration of parliament at the next session, with the proviso in it that it will come into operation on a day that would appear to be a reasonable one to fix, hoping that the ceilings on salaries would by then have been greatly loosened or removed.

May I ask the minister whether it is the intention to introduce such a measure at the present session?

Right Hon. L. S. St. LAURENT (Minister of Justice): The bill has been prepared, and I hope that a resolution providing for its introduction will soon be recommended by His Excellency for the consideration of the house.

Mr. FLEMING: At the present session?

Mr. ST. LAURENT: At this session.

Mr. FLEMING: There is a problem connected with the matter of judges' pensions of which the minister is fully aware, arising out of the statute of 1944 amending the Judges Act which permitted the judges then holding a judicial office to make an election so that their pensions might be shared with their widows. The effect of the legislation was to confine it to judges then holding office, without affording any opportunity in any of its terms to permit the election to be made by any person who had at the date of the enactment of the amending act been retired as a judge. The form of the legislation was certainly not broad enough to include those persons, and if such persons, namely retired judges were to be included within the scope of such a scheme it would be necessary to introduce legislation in quite a different form, I think, because of the difference between the grant by letters patent of the pension prior to 1944 and the right to pension subsisting under the amendment of 1944. It does not require any words from me to suggest that there was a measure of injustice to those who had been retired prior to the enactment of the amendment in 1944. It may be that there were reasons pressing on the government and parliament at the time which might have made it difficult to extend the scope of the legislation. But the principle is sound. The principle of permitting judges to make within a given period—in that case I think it was ninety days—an election to share their pensions with their widows so that in the event of their death the portion assigned to the widow could pass to her for life, was sound. I would urge that it ought to be extended to those who happened to have been retired at the date of the enactment of the amendment to the Judges Act in 1944. I am sure that the Minister of Justice must take a sympathetic view of these cases. I would ask if it is not possible for the government to indicate whether it is proper to widen the scope of the principle which received effect in the 1944 amendments? This need not be made compulsory any more than section 26A of the act as enacted in 1944. It would be purely optional to give those who are retired an opportunity, within a reasonable period, say, ninety days, to make a similar election.

Mr. ST. LAURENT: There are two matters in that connection which have been under consideration and which, I hope, will come to be dealt with before very long. One is the position of those who had retired prior to the amendment made in 1944, and who are still with us and able to make an option. The other is with respect to widows of judges, and there are several. There are a large number of judges who died before there was any section in the act permitting them to make this kind of provision. I think both will have to be considered together. I consider they are desirable things to be done, but they are not the only desirable things before the government for consideration and study, and I did not feel it would be an opportune time, at this session, to ask parliament to deal with those judges who had retired prior to 1944 and with the widows of those who had died before the 1944 statute was adopted. There were suggestions and proposals for the establishment of a system of old age pensions on a contributory basis among the things suggested to the dominion-provincial conference. Had something definite and generally satisfactory become possible as a result of that conference, I then would have felt it much easier to bring before parliament a measure to make provision for those widows and judges. I hope there will come a time, at a not too remote period,

when it will be possible to consider the position of those judges who had retired and of those widows, without having to meet the criticism that there are many others just as worthy of sympathetic consideration by this parliament who should be provided for at the same time. For that reason I felt this was not the proper time to attempt to deal with the problem referred to.

The other was dealt with in 1944 because it was an option that was granted and with respect to that it could be felt that it did not impose any serious burden on the treasury. It did not increase the amount of pension which might be payable, through two-thirds to the judge and the other one-third to his consort. It was the same amount and there were the same chances of longevity, so that it did not appear to impose any substantial burden upon the treasury. But this other provision which I should like to be able to recommend to my colleagues just as soon as we can get to it would impose quite a substantial burden upon the treasury, and I do not think it would be the kind of measure that should be recommended to this house at this session, because there are too many other things that have also to receive consideration.

Mr. FLEMING: Does the minister think it necessary to wait and couple those two measures together? As he has said, the extension of the option to those judges who had been retired prior to 1944 would not involve any additional burden upon the dominion treasury. Could it not then be dealt with without waiting to deal with the other question, namely pensions to judges' widows? There are some retired judges who feel—I know the right hon. gentleman is aware of this—that an injustice had been done them in comparison with those who were on the bench when the amendment was passed in 1944. These are men who are on in years. Many of them are anxious that they should make provision for their widows by undertaking to share their pensions with them; and, since it does not involve any additional burden to the treasury, I wonder if it is not a matter that calls for early remedy.

Mr. ST. LAURENT: I should not like to do that. I prefer taking them together. To do one would increase the pressure for the other. There are quite a large number of charming ladies who have been left in circumstances which make it difficult for them to provide for their requirements according to the manner in which they had lived previously; and I think they would consider that when anything else is done about this, it should take them in as well. I should not like to recommend doing one thing without the other. I think it would give them the impression that their case was becoming more and more remote, so that I prefer to have the two things done together. When they are done, they will take care of everything then existing. If one of the retired judges, alive to-day, should die before this is done, leaving a widow, his widow would be in the same class as the other widows to be dealt with or whose cases would come up to be dealt with.

Mr. FLEMING: That would be the intention of the government if it introduced the legislation?

Mr. ST. LAURENT: Yes. If legislation is introduced it will apply not only to widows whose husbands died in office but also to the widows of those who had been judges and had retired before their death. So that all the cases would be covered. Of course they are all anxious to have it done just as soon as possible; and the explanation I have given to large numbers of frequent, repeated representations, often from the same persons, has had to be that I did not feel I could ask parliament to deal with these cases while there were many other things that many hon. members would consider even more urgent.

Mr. COLDWELL: If I may say so, I think the Minister of Justice is taking the right attitude. While the question which has been asked regarding pensions to widows of judges appeals to one's sense of appreciation of the position of a judge and to the family that he leaves, nevertheless I think the minister is quite right that at this stage, when people are looking for something better in old age pensions and perhaps something in the way of a national health plan and so on, the masses of the people would expect that the government would do some of these things that have been pressed upon all of us and that many of us have warmly advocated, before singling out the dependents of a certain class of persons who during their earning years have been receiving relatively high remuneration.

Item stands.

Progress reported.

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

Friday, June 21, 1946.

The house met at three o'clock.

PRIVILEGE

REFERENCE TO SPEAKER'S RULING ON AMENDMENT, JUNE 20

Mr. T. L. CHURCH (Broadview): Mr. Speaker, I rise on a question of privilege. It is not often I do. I wish to call Your Honour's attention to what happened last night, in order to keep the record straight and right. I moved an amendment, which I had put in writing, to the resolution that was then before the chair. Standing order 47 says:

All motions shall be in writing, and seconded, before being debated or put from the Chair.

My motion was in writing and was seconded by the hon. member for High Park (Mr. McMaster). I know that my writing is not as good at it was a few days ago, but I hold it in my hand now, and it is clear enough to read. My only point is this: I wish to assert the rights and privileges of a member of parliament in moving an amendment. My amendment was to the effect that the readjustment should not take effect until after the next census in 1951 and then only after a plebiscite or referendum. My amendment was ruled out of order by Your Honour, in these words:

I am sorry, but I cannot accept the amendment moved by the hon. member. The rules state that a motion or amendment should be presented to the Chair in such a way that it can be read by the Speaker.

I submit that there is no such regulation. Standing order 47 says that the motion shall be in writing, and my motion was in writing, and was seconded, and I read it aloud to the house. Your Honour further said:

The rules are quite definite that a motion should be presented to the Chair with the name of the mover and the name of the seconder and presented in such a way that the Chair can read it to the house. Unfortunately I cannot do that in this case.

There is no such provision in our standing orders at all. It was a very simple matter to read my amendment. I had not time to have it typed. I believe that ninety-nine per cent of the members here could read it.

Mr. SPEAKER: I think it is my duty to answer the hon. member. I understand perfectly well that it is the duty of the Speaker to do everything possible to help hon. members of this house, particularly when they have a motion to introduce. But I understand also that it is the duty of hon. members, if they have a motion, and especially if the motion is important, to draft it in such a way that the Speaker can present it to the house.

[Mr. Coldwell.]

Mr. CHURCH: May I call Your Honour's attention to the fact that if the Speaker cannot read it, then under the standing order it should be read by the Clerk of the House and duly recorded in *Votes and Proceedings*, which it was not.

Mr. SPEAKER: Order. I cannot permit any debate.

LABOUR CONDITIONS

SEAMEN'S STRIKE—GOVERNMENT CONTROL OF SHIPPING COMPANIES AS OF JUNE 24

Hon. HUMPHREY MITCHELL (Minister of Labour): Mr. Speaker, since it is now apparently impossible to expect the inland shipping owners and their striking crews, members of the Canadian seamen's union, to get together and effect a settlement which will stop this serious tie-up on our great lakes transportation route, the government has decided to take over the operations of 29 of the shipping companies affected, as of 9 a.m., Monday, June 24.

Captain E. S. Brand, O.B.E., R.C.N., of Ottawa, has been appointed controller of the operations of these companies. Mr. Justice S. E. Richards of Winnipeg, member of the Manitoba Court of Appeals, has been appointed an industrial disputes inquiry commissioner to conciliate the matters at issue between the two parties while the controller is in charge.

These steps have been taken by the government under order in council P.C. 2556, dated June 20, and passed under the National Emergency Transitional Powers Act. I now table a copy of the order.

I would like to say that the order has been passed on the joint recommendation of myself and my colleague, the Minister of Transport.

I want the house to know that I would have been happier if the action taken had been unnecessary but this dispute has lasted beyond all reason and is causing serious dislocation in the movement of highly essential products, grain, coal, oil and other commodities.

I would far rather see all such disputes settled by representatives of both sides sitting down together and ironing out their differences in a fair and equitable way. Since the strike began on May 24, all the conciliation machinery of the Department of Labour—and it is adequate machinery—has been utilized to bring the parties into agreement. The attitude of both sides has been the stumbling block and that is why the government has taken the action which I have just announced.

I now table the following documents:

1. Copy of the commission appointing the Hon. Mr. Justice S. E. Richards;

2. Copy of a communication addressed to me by the national war labour board providing for the immediate introduction of the eight-hour day, three-watch system, on vessels operating on the great lakes and St. Lawrence waterways.

We hope that the operators and the employees will give 100 per cent cooperation, and we hope also that through the good offices of the commissioner a firm agreement will soon be consummated between the disputing parties so that the government control can be lifted.

The task of negotiating the terms of the contracts to take the place of the agreement which has existed heretofore between many of the companies and their employees is not going to be an easy one. However, Mr. Justice S. E. Richards, if given reasonable cooperation by the parties, will, I am sure, obtain results which will be satisfactory.

Under the order in council which I have just tabled, control is also taken of oil tankers operated by the oil companies. Most of these companies are already working on an eight-hour day by direction of the national war labour board. However, since these vessels in consequence of the strike have not been operating, it was deemed advisable in the public interest to bring them under the control order.

I would like to say a few words about the qualifications of Captain Brand for the position of controller. He holds his rank because of service in the imperial royal navy, and during the war period has been on loan to the Royal Canadian Navy with the temporary rank of captain.

Throughout the war he has been serving as naval intelligence officer and director of the trade division. For the last year he has been one of the key officers on the naval headquarters staff, and has served since July, 1942, as a member of the Canadian shipping board.

He has been selected as controller because of his long experience in naval and navigation matters and because of his administrative capacity and good judgment.

I might add, Mr. Speaker, that one of the companies involved in the dispute, the Upper Lakes and St. Lawrence Transportation Company Limited, operating one of the largest services on the lakes, consisting of twenty-seven vessels, has accepted the strike settlement formula which appears on pages 2632 and 2633 of *Hansard*, and pursuant to clause 1 thereof has to-day signed a supplementary memorandum of understanding with the Canadian seamen's union which provides for the practical application of the eight-hour day, three-watch system. This company's vessels are now being manned and will commence to sail to-morrow.

[*Later:*]

On the orders of the day:

Mr. CLARENCE GILLIS (Cape Breton South): I would like to address a question to the Minister of Labour arising out of his statement a few moments ago. Perhaps I did not understand him correctly. In appointing the controller is he taking over only the ships which transport the commodities he mentions —coal, grain and oil—or are all commodities included?

Mr. MITCHELL: If my hon. friend would like to have a copy of the order I will see that he gets one. It is all-inclusive, with the exception of passenger transport, and I have been assured by the men's organization that there will be no interference.

WAR EXPENDITURES

CHANGE IN PERSONNEL OF SPECIAL COMMITTEE

Hon. IAN A. MACKENZIE (Minister of Veterans Affairs) moved:

That the name of Mr. Cockeram be substituted for that of Mr. Jackman on the special committee on war expenditures and economies.

Motion agreed to.

PRIVATE BILL

FIRST READING—SENATE BILL

Bill No. 196, to consolidate and amend the Acts relating to La Societé des Artisans Canadiens-Français.—Mr. Fournier (Maisonneuve-Rosemont).

HOUSE OF COMMONS

REVISION OF STANDING ORDERS

On the orders of the day:

Mr. T. L. CHURCH (Broadview): I wish to ask the leader of the government a question. I understand that the special committee on the revision of standing orders has presented its final report. When will this matter come up for consideration? This is the fifty-sixth day of the session. The chairman of the committee is not here.

Right Hon. W. L. MACKENZIE KING (Prime Minister): Mr. Speaker, I am afraid the chairman of the committee will have to give my hon. friend the information he is asking for. I cannot give him any answer at the moment.

PERSONAL EXPLANATION

MR. BRIDGES—STATEMENT WITH REFERENCE TO REPORT IN CANADIAN PRESS

On the orders of the day:

Hon. H. F. G. BRIDGES (Minister of Fisheries): Mr. Speaker, I desire to make a personal explanation. In the five o'clock edition of yesterday's Ottawa *Journal* there appears a news item, as a Canadian press dispatch from Fredericton, on page 6 of the same under the heading of "Beaverbrook Accepts Chancellorship of N.B. University". The final paragraph reads as follows:

A few months ago, visiting a military hospital in England with fisheries minister H. F. G. Bridges, he told the nurse who escorted him that he only had time to talk with the New Brunswickers. The nurse, an Ontario girl, remarked that Ontario is the "heart of Canada." "Madam," said His Lordship, "the heart is where the head is—and the head is in New Brunswick."

I was not Minister of Fisheries when I visited that hospital in England, as that was in February, 1945. I was then an officer in the Canadian army and I met my friend and benefactor of twenty years ago—Lord Beaverbrook—as we happened to be visiting the same hospital at the same time. What actually occurred on that occasion was this: he told the nursing sister that he wanted to visit the boys from New Brunswick or the maritime provinces. To which she replied: "My, you people from the maritimes are clannish. I come from Ontario and we regard Ontario as the heart of Canada". To which he quickly answered: "The heart was never the head, madam." Then as we walked along—and I do not believe the nursing sister heard this—he said to me: "Bridges, I hope she doesn't find out I was born in Ontario".

In fairness to Lord Beaverbrook and myself, I feel I should make this correction.

LABOUR CONDITIONS

STRIKE IN CHRYSLER AUTOMOBILE PLANT, WINDSOR

On the orders of the day:

Mr. M. J. COLDWELL (Rosetown-Biggar): Mr. Speaker, I received a telegram a few minutes ago on which I wish to base a question: I have not been able to give notice of it to the Minister of Labour (Mr. Mitchell), and I apologize for that. The telegram is from Mr. George Burt, of the United automobile workers, Windsor, drawing attention to the strike in the Chrysler plant, intimating that it is likely to spread, and asking what steps are being taken to endeavour to bring an end to this strike, which will interfere with the production of farm machinery and automobiles.

Hon. HUMPHREY MITCHELL (Minister of Labour): That dispute is being handled by the conciliation department of the Ontario government.

CANADA SAVINGS BONDS

ANNOUNCEMENT AS TO FACILITIES FOR INVESTMENT IN GOVERNMENT SECURITIES

On the orders of the day:

Right Hon. J. L. ILSLEY (Minister of Finance): Mr. Speaker, I wish to announce to the house the decision of the government with respect to peacetime facilities for the investment of general public savings in government securities.

As the house is aware, the active life of the national war finance committee ended after the ninth victory loan. It was considered that this organization had completed its great work of meeting financial requirements for the prosecution of the war, and should not be asked to carry on in peace time.

It is clear, however, that the activities of the national war finance committee helped many people to save to an extent that no one had thought possible. Many Canadians have built up substantial personal reserves that they might never expect to acquire by other means. This is particularly true of savings made by regular deductions from pay. At the time I announced the termination of the national war finance committee, I mentioned that the government had received many suggestions that the savings programme be continued in a form adapted to peace time. I said that this matter would be given careful study.

I am now able to say that this study has been completed and that it fully supports the proposal to continue some sort of government savings facilities suitable to the times. The government has, therefore, decided to make facilities available, and has created the Canada savings bond for this purpose. The Canada savings bond is designed to replace both the victory bond and the war savings certificate as the government security in which personal savings may conveniently be invested. At the time of the introduction of the new security, the sale of war savings certificates and stamps will be discontinued.

The main purpose which influenced the government to extend facilities for investment of savings and to create the Canada savings bond was to meet existing public demand. The government is also fully aware of the value of this kind of saving and investment to the

welfare of this country. There is no doubt that the nation will benefit in the long run if the ordinary citizen is able to accumulate a reasonable reserve of personal savings. These savings help to meet family emergencies, to make higher education possible for children, to build homes and to acquire many things that contribute to a comfortable, satisfying and happy life. It is clear that a majority of citizens save most readily through a government investment programme of some kind. This has been the experience of other countries, including the United Kingdom and the United States. In the United States steps have been taken to continue government savings facilities, and in the United Kingdom such facilities have been maintained since the war of 1914-1918.

I believe that hon. members will agree that it is important to any country that great numbers of citizens should continue to acquire and to hold a tangible stake in their nation.

Turning now to the nature of the new security, Canada savings bonds will be issued in denominations of $50, $100, $500, and $1,000, with annual interest coupons attached. The exact rate of interest and the maturity date of these bonds cannot yet be announced, but I can say that the terms will be more favourable than those existing for comparable investments at the time of issue. For this reason, a limit will be placed on the amount of Canada savings bonds anyone can hold, and they will be sold only to individuals. The bonds will be registered in the name of the owner. This registration, in addition to providing control of purchases in the name of one holder up to the limit decided upon, will render service to the holder in protecting him against loss of his investment through theft or destruction of his bond. The Canada savings bond will be redeemable at 100 per cent plus interest at any branch of any chartered bank in Canada upon presentation of the bond by the registered owner. Identification of the person presenting it as the owner will, of course, be necessary.

The government will have the Canada savings bond available for sale this fall in time to permit continuance of payroll deduction plans now in effect. It is understood that employees will feel free to adjust the amounts of these deductions to their peacetime needs. The Canada savings bond will also be available to the general public at all branches of chartered banks, investment dealers, trust companies, and some other financial institutions. There will be no organized personal sales coverage of prospective buyers, except that which I have mentioned as applicable to payroll groups. Every appropriate means will be used to inform the general public of the availability of the Canada savings bond. Banks and financial organizations will undertake to draw their advantages to the attention of their clients.

It is hardly necessary for me to emphasize to the house and to the general public that the procedure I have outlined is very different from that followed in the wartime years. This will not be another "victory loan". It would not be practicable, nor indeed desirable, to build up the great organization of salesmen which would be needed for a house to house canvass. The government will take all necessary steps to acquaint the public with the characteristics and merits of the new Canada savings bond, but the initiative in purchasing these bonds will lie, for the most part, with the people themselves. Sales of these bonds are not expected to cover the government's total borrowing requirements. A substantial part of these requirements will be met by public offerings of the usual type at appropriate times. It remains true, nevertheless, that we hope for widespread acceptance of the new security. The success of the programme is highly important despite the different terms in which that success will be written. This new programme for saving must operate on a broad and embracing national basis to achieve maximum benefits to individuals and to the country. I have no doubt that Canadians will see in the Canada savings bond a desirable successor to the victory bond, a suitable means to store up personal reserves. But it is also important that Canadians see in themselves the successors to the victory bond salesmen; for they will be responsible in large part for initiative in making their own purchases, and for the maintenance of the habit of saving so generally and beneficially established in the war years.

I should also point out to employees that their employer is acting solely in their interest in offering the opportunity for deductions from their pay. Although the government has attempted to lighten the work, the administration of payroll deduction plans still involves employers in expense and responsibility.

While we are not trying to re-create the national war finance committee, I have no doubt that members of that organization and the many public-spirited associations and groups who aided in its work will be interested in the new savings programme. I feel sure they will see in this plan a continuation of the work they so ably performed, and they will also appreciate the reasons why the war-time organization cannot be recalled to duty.

In the past I have had many occasions to urge Canadians to support victory loans and war savings campaigns for patriotic reasons linked with the war effort. While the new

programme does not call for just this type of appeal, I feel that it is appropriate for me to emphasize to the one-time members of the national war finance organization, and indeed to all Canadians, the advantages of personal thrift. To the extent that former members of the national war finance organization agree that the new programme will bring benefits, I am confident that they will lend moral support to this new national endeavour by example, by word of mouth, and by other means within their sphere of influence. To the extent that Canadians in general agree, they will find simple means of expression in their own personal investment in Canada savings bonds.

Mr. COLDWELL: I notice that the lowest denomination is $50. Is nothing to be done to encourage small savings up to $5 and $10, in view of the discontinuance of savings certificates?

Mr. ILSLEY: To a substantial extent these will be paid for by payroll deductions, which will naturally be in small amounts.

Mr. COLDWELL: I thought this was to be a voluntary saving.

Mr. ILSLEY: It is voluntary, but the method by which much of the money will be obtained will be by payroll deductions voluntarily allowed.

Mr. COLDWELL: It is to be voluntary deduction from the payroll of the individual.

Mr. ILSLEY: Yes. That is clear from the statement I made, and the lowest denomination will be $50.

Mr. LOW: Will these bonds be assignable?

Mr. ILSLEY: No; they must be registered.

Mr. COLDWELL: Principal and interest are guaranteed. There will be no fluctuation in the value of the bonds?

Mr. ILSLEY: No. There is no fluctuation in value.

Mr. COLDWELL: That is a good feature.

JAPANESE IN CANADA

REPATRIATION TO JAPAN—ARRIVAL OF FIRST PARTY

On the orders of the day:

Hon. HUMPHREY MITCHELL (Minister of Labour): Hon. members will be interested in knowing that a cablegram was received by the Department of Labour to-day informing us that the first party of Japanese repatriates from Canada has landed in Japan. As I previously stated, the number in this first party was 668.

SUPPLY

The house in committee of supply, Mr. Macdonald (Brantford City) in the chair.

DEPARTMENT OF JUSTICE

96. Departmental administration, $199,970.

Mr. CHURCH: I wish to refer to the administration of the Department of Justice and a few matters which I have had before the house for some time. The first matter to which I should like to refer is judicial reform which I have raised in the house for many years, along with parliamentary reforms, constitutional reform, cabinet reform, and law reform. Under the item, departmental administration, an opportunity is provided hon. members to refer to the administration of the department. For years I have urged in the house that the time has come for us to revise the criminal code which was passed in 1905 for the first time. Amendments have been added each year to this code, and some of them have become obsolete.

In the second place I have urged on the minister and on his two predecessors the appointment of a legal committee such as they have in some of the legislatures. We had evidence of the need of a legal committee in the past few weeks when we were considering the British North America Act and other private and public and legal bills. The Ontario legislature has a legal committee, and I believe that province was the first to establish one. The other provinces have, I believe, now followed suit.

Many bills are coming before us. A private bill was introduced this afternoon and it had for its purpose the changing of the constitution and structure of a private society. A private bill such as that is a legal bill, and it should go to a committee.

Another thing we require is a consolidation of our statutes. You have to take the original criminal code and go through thirty-two or thirty-four years to seek amendments which are made every session.

We are now in the sixty-eighth day of the session and we have yet to learn whether the Department of Justice proposes to bring down this session any statutory amendments to the criminal code. Many recommendations have been made to the minister by the chief constables' association, judges, municipalities and law societies regarding law and order in the country, which is difficult to obtain at the present time. The chief constables' association, the Canadian Bar Association and many other public bodies have made representations, and something should be done about it.

In the office of the Minister of Justice we have an obliging and able minister, and I sometimes feel sorry for him in the heavy work he has. Of what does the Department of Justice consist? In the first place it has all the powers of the attorney general of England. It has the power of the solicitor general of England; it has the duties of the home secretary over penal institutions. The Minister of Justice is also the Attorney General for Canada, and the department has the powers of the lord chancellor to appoint judges and to look into the conduct of their office. That is an important matter.

Recently a solicitor general was appointed in Canada to aid the minister in his work. Some of his work has reference to the War Measures Act and other war acts which were passed during the war. In the old days, as I understood it, the solicitor general had charge of penal institutions and the prerogative of pardon, which is a most important one.

I may say that there has been a great deal of dissatisfaction in recent years with regard to some of those who have been chosen as judges by this department. I should like to find out whether the Canadian Bar Association has made any recommendations, and what these recommendations are. In the old country the bar associations do make recommendations to the lord chancellor.

I should like to refer to the county court bench. In Toronto we used to have as many county court cases, civil and criminal, as the rest of the province put together. In the old days we had three county court judges; Judge Morson, who tried division court cases, and who did as much work as any five or six judges. He had a junior judge, the late Judge Morgan, and as senior county judge, Judge McDougall, who was succeeded by two able men, Judge Winchester and Judge Coatsworth. We have an able and efficient senior judge in York county to-day, His Honour Judge Parker. He is one of the finest county court judges we have. But there is dissatisfaction with some appointments. We are going all over Ontario and bringing into the county of York judges who know little or nothing about the district over which they preside. That is a wrong principle. We brought in some who were not in the legal profession for years. One was a town clerk and another acted in a similar capacity in another county. They were appointed junior judges of York county and brought in to try judicial cases. It should not happen; that principle should be obsolete.

There is another matter to which I should like to refer, namely, two bills which I have before the house. As the committee knows, I consented to allow my bills having to do with the Judges Act and motor car accidents to stand until such time as progress was made on other important bills. I was promised that I would have time to make some reference to them on the minister's estimates. The bill to amend the Judges Act states that judges should not serve as commissioners. A few of the judges who have been appointed have yet to hear a case in the law courts, or at least very few. The bill also states that they should not be appointed to travel all over to try commission cases which are political. In the bill I referred to the fact that congestion has taken place in the law courts as a result of judges being appointed as commissioners. In one paragraph I said:

> The frequency, of recent years, with which judges are drafted for all kinds of such work impairs the efficient administration of justice and causes congestion in the law courts, and, as they are largely only fact-finding commissions when appointed, they duplicate the efficient powers and functions of parliament, of the committees thereof, and of the many outside boards of recent innovation in war work, and furthermore they are a costly adjunct to good parliamentary government of the people, by the people and for the people, cause delays and interfere with parliament's right to immediate solution of social and economic problems of urgency to good government, thus a system of "judicial commission government" is slowly being built up in Canada.

The second amendment was that courts of last resort must be bound by the decision of the judicial committee of the privy council. That is a good proviso. I referred to it last night. The judicial committee of the privy council is one court where the litigant can get substantial justice. We never would have had the cheap light and power movement in Ontario but for that great judicial institution and its decisions in 1912 and 1914.

Then there is another bill to which I should like to make a short reference, in regard to the terrible loss of life through motor car accidents. We see this parliament without five minutes to devote to the appalling loss of life which abuse of the motor car is causing in this country. After all is said and done, science has won the admiration of the world in the last seventy-five years. Why? Because scientists base their conclusions on facts, unlike the politicians, who argue from theories, opinions and all that kind of thing. With the motor car, as with every other invention, its use is one thing and its abuse is another. I had a return brought down in the house this year giving the number of lives lost through these road and other accidents. I need not take time to read that return, but every highway in the province has run red. This is one of Canada's greatest scandals. In the

province of Ontario the government spent nearly $65,000 in the prosecution of a young man for murder on Toronto island; yet in this house we talk about secondary matters and we have not five minutes to devote to these casualties on our highways, whose number almost equals the number killed and wounded in the great war.

Then in addition we have the drowning accidents, of which there were fourteen on the front pages of the newspapers last week end. From 1938 to 1944 we had 149,000 people injured in traffic accidents, and last year some 9,028 were killed by motor cars. Over the same number of years the drowning fatalities numbered 5,097. Did you ever hear of such loss of life? Fatal accidents at level crossings numbered 727 last year, and some 2,264 were injured at level crossings. The number of persons who died from fires in homes was 1,221, while 22,000 people were killed in other accidents during the war. During the war we had a great opportunity to do something about the great loss of life in Canada through automobile accidents, but we failed to take any action. In my opinion, whenever a person is killed in a motor car accident there should be an inquiry before the county judge. At present there is a coroner's inquest, which sometimes does a little good, but it should be the duty of the county court to inquire into the death of every person killed in a highway accident in each county. That would be one way of trying to check these accidents.

In the bill I introduced this session I proposed an amendment in connection with the practice of withdrawing cases from the jury in connection with motor car accidents, which is done by many of our judges. As a result the accused person almost always escapes punishment. In my bill I proposed several amendments to bring the law up to date, following the law of New York state, which provides suitable penalties for those who drive while under the influence of alcohol, for instance. The bill also dealt with careless driving, culpable negligence and hit and run drivers. Why, we almost present a gold watch and illuminated address to anyone who kills a person on the highway and runs away. I think the most cowardly person in Canada is the man who leaves an injured person—man, woman, or little child—lying on the pavement, races away from the danger and does nothing about it. That is the most contemptible form of murder. I suggested extra and heavy penalties for these people, without the option of a fine. If the minister is considering amendments to the criminal code this year I hope he will also consider all the amendments I have suggested in this bill.

I also suggested an amendment dealing with persons who cause death in a criminally culpable and negligent way. Even though the person killed should be fifteen or twenty per cent to blame, the driver of the car still would be eighty to eighty-five per cent to blame, and he should not be allowed to escape punishment. A penalty should be provided, as is done in the state of New York. Another amendment provided that a jury should decide in these motor car cases. The explanatory note states:

> On the trial with a jury of persons who cause death or serious injury, it is desirable that the functions of the jury should not be curtailed or abolished. There has been much criticism of many cases of gross negligence having been taken from the jury. The jury are required to take the law to be what the judge says it is, and, owing to the many cases withdrawn by order of the judge, trial by jury in those cases is negatived, and there are so many loopholes that many persons guilty of gross negligence get off. The increased accidents require that the law should be brought up to date to meet the changing conditions, while preserving also the liberty of the subject.

The last matter dealt with in my proposed bill was the right of women to serve on juries. In the last election fifty-one per cent of the voters were women, and I proposed the following amendment:

> On the trial of any female person by a jury under any provision of this act, one-third of the jurors chosen to try the issue shall be female persons duly qualified on the same basis as male jurors.

Unfortunately there is not the public opinion there should be in regard to this great national disaster, the loss of life in motor car and other fatal accidents, to which I have referred. We do not have the courage as a house to stop it. As I said here the other day, we have lost most of our functions. The decay of parliament and the decline of the House of Commons of late years are most appalling to the average ratepayer in this country. The press has now become the organ of public opinion; it has assumed that title, and the assumption is rendered legitimate by the decay of our Canadian parliamentary institutions. The power of the press is based upon the ruins of real representation. We spent days and days on a judicial bill which was passed last evening. Just look at the importance of that matter. It should have gone to a legal committee to be examined in detail. The periodical press has become the rival of the House of Commons, but it will remain a successful rival only as long as the house does not represent the people, and not one day longer. A few years ago we had in the House of Commons the great men I referred to last evening, and many others. When I think of

those who have occupied these seats in the days since confederation I am filled with a spirit of deep humility; when I look at our parliament as it is constituted to-day, and see its impotence and incompetence to recover its rights, privileges and prerogatives, from various irresponsible bodies, I wonder if it will ever become a free parliament again, which it is not to-day. As I have said on previous occasions, the time is long past when we should do in the way of parliamentary, constitutional cabinet, and law reform what was done in Britain twenty years ago. We are that many years behind the old country in all these reforms.

For a moment I should like to refer to the cost of the administration of justice. This is a very important item in the estimates, and I should like to call attention to one or two other matters. One is the pay of the judges. Are we getting value for the money expended? Judges should be paid more liberal salaries, if we are to get the right class of men to take office. As hon. members know, on many occasions judges who travel the circuits are heavily burdened. We have twelve high court judges on circuit in Ontario, but some are sick, and the others are heavily loaded with work. There should be a proper increase in the pay of judges, so that the minister may have the satisfaction of securing the best possible men for this work. I have been arguing that for many years.

I should like to present another matter on behalf of the chief constables association. I refer to the damage done by air rifles. In that connection I would refer to one lady who was travelling on a Bathurst street car in Toronto. A reckless boy, who had one of these air rifles—I have seen hundreds of them on the streets in the past—fired the rifle, broke the window of the street car, and put out one of the lady's eyes. Yet nothing is done about it—although this happened in 1941. Surely the Department of Justice should bring in an amendment to the criminal code preventing the manufacture of these air rifles. I hope something will be done along that line.

I believe the time has now come when the government of Canada should reimburse the municipalities for a great portion of the cost of the administration of justice. The policing of Toronto at the present time costs several millions of dollars, and one reason for the expense is that they are loaded up with work which arises from legislation of the federal parliament to enforce federal law. The taxpayers must pay the bill, from taxation on real estate. During the war, and until the present time, the police force of that city has had to enforce hundreds of federal orders in council. Hon. members are aware that since confederation the enforcement of federal law has been under the jurisdiction of the attorneys general of the provinces. That authority is redistributed among the various police forces in the provinces. The result is that heavy work is placed on those municipalities, and I believe the parliament of Canada should pay for it. If the federal authority wants this work done, it should pay; and the law should be enforced accordingly. The enforcement of these federal orders in council takes up a great portion of the time of municipal police forces.

To-day sixty per cent of the men on police forces are engaged in traffic work, with the result that there is not sufficient time to travel beats throughout the various wards of our cities. We do not have the protection we should have, and the protection of property and civil rights within the provinces suffers.

I would call the attention of the minister also to the fact that a high court judge recently told a poor woman to go out and buy a hat if she wished to give evidence in court. The hats I have seen women wearing have been so small that I have been reminded of the paper cartons in which marmalade is served in our restaurant. I called the attention of the hon. member for Temiscouata to that fact—he is not in his seat to-day—and he said that the paper cartons were too large for the ladies to wear in court rooms.

We have heard a complaint about the air force officer who did not come to a salute with his hat on. I think the time has come when the judges in our supreme court might take direction from the high court of parliament, where the very estimable lady member, who is now sitting in the chamber, suggested that the ladies in the gallery need not wear their hats—and they look the better for it. I thank her for what she did. If she can only remain here long enough to convince some of the judges on the benches to consider their cases—

Mr. COLDWELL: She will be.

Mr. CHURCH: —rather than a lot of minor troubles, it will be much better for the administration of justice.

Then, we know that grand juries should have the power to visit the various institutions. The late Chief Justice Meredith, in one of his charges to a grand jury, referred to the fact that, rightly or wrongly, these federal institutions were managed by crown officers, and that it was the duty of the juries to visit and to inspect them. Under the act members of parliament are listed as visitors. I wonder how many ministers or private

members have ever paid visits to institutions; yet it was one of the cardinal principles of magna charta that the people should take a large part in the administration of justice.

The time has come when we should have some real law reform. I have urged a consolidation of the criminal code, and that a legal committee should be set up so as to save the time of the house many days and weeks in the discussion of various legal bills. There are many other matters to which I might refer at this time, but no doubt an opportunity will be given later on.

I appreciate what the present Minister of Justice has done, and commend these suggestions to his consideration. Surely when we can waste $60,000 to $70,000 in the trial of one person charged with murder, we should have some new method of checking up on these motor disasters on the highways, particularly at level crossings, as well as drownings, and fires in old houses, and with respect to such other matters I have placed before the house, but the consideration of which has been delayed because of the war.

Mr. HACKETT: How many judges, whose appointments are made by the federal government, have been engaged in duties outside their statutory duties in the past year? If we could have the figures for the last three or four years, they would lend point to what I wish to say.

Right Hon. L. S. ST. LAURENT (Minister of Justice): I am not in a position to give precise information on the point, because frequently requests are made to judges by provincial authorities to engage in some activities which are not within their normal judicial duties, and concerning which no information comes to the Department of Justice. The hon. member will realize, of course, that the Minister of Justice is not an inspector of the courts of justice in the provinces.

The federal government makes the appointment of judges, pays their salaries, and presumes they are carrying on their duties in a proper manner until information is received officially to the contrary. During the period of war there have been many occasions on which it was found necessary to ask judges to perform duties which would not normally fall within their judicial activities. That seems to be inevitable. At times there are certain things which cannot be dealt with through the ordinary processes of the courts, but which must be considered by persons having judicial temperament and such detachment from ordinary business, professional or political pursuits as is required to inspire confidence in those who happen to be interested in the issues dealt with.

[Mr. Church.]

I think there are at present about fifteen judges who are doing some work that is outside the performance of their ordinary duties. Every hon. member knows that there are two from the Supreme Court of Canada who have been for a considerable time now, much longer than I thought at the outset it would require, engaged on the royal commission investigating the leakage of information from the departments of the Canadian government. There is one of the judges of the court of king's bench in Quebec who is absent in Japan as a member of the international court trying war crimes against the personnel of the allied armies. Two judges of the high court, one of Nova Scotia and one of Alberta, have been for some time investigating the coal situation. The Minister of Labour announced to the house to-day that Mr. Justice Richards of the court of appeal of Manitoba had been invited and had agreed to try to bring together the employers and the employees engaged in the operation of inland shipping. Mr. Chief Justice Sloan has just succeeded in bringing together the operators and their employees in the forest industries of British Columbia, and I may add that he seems to be particularly fitted to do that work because he had been doing for some time previously investigational work in forestry for the government of British Columbia. A judge of the high court of Nova Scotia presided for quite a long time over the national war labour board but has now returned to his judicial duties. A judge of the appeal division of the court of Alberta acted as chairman of the labour relations board but has since returned to his judicial duties.

During the administration of the selective service regulations there were—I would not venture to say how many, but several judges who were acting as chairman of the selective service boards. That was not a normal part of their functions but it was the kind of thing that seemed necessary to have done by a member of the judiciary.

I think it would be fair to say that of the total number of judges administering justice in Canada during the war period and perhaps even at the present time there would be as many as fifteen who were doing other things than their ordinary judicial work.

Mr. HACKETT: Mr. Chairman, I am not of those who believe that a rule may never suffer any exception, but I am speaking of a practice of long standing which has become peculiarly disturbing by the frequency of its recurrence, that of appointing judges to the performance of tasks outside their judicial office. In its less repugnant forms, judges have been appointed to commissions, to re-

draft codes, to consolidate and revise statutes, and perform other tasks for which their training and sometimes their leisure make them apt candidates. To the extent that these tasks are paid for, they are subversive of the principle of independence which is the bedrock of our whole judicial system. If a judge is to receive remuneration in excess of his statutory compensation, which has been horribly inadequate for generations, he is beholden to the body paying him, be it the political party in power or be it a labour union or employer who commands his services. But if the practice in the form to which I have just alluded is reprehensible, it becomes more objectionable when judges undertake tasks highly pigmented by politics.

It is impolitic for a practising barrister to say anything which might be construed as criticism of the bench. It is most unfortunate that stern necessity imposes on me the duty of pointing out the dangers to the greatest of our institutions inherent in this practice. I do not accuse the government in power of being the sole offender, but circumstances have made it the most frequent and the most recent offender. Whenever it has had a difficult problem to solve, whenever it is confronted with a perplexity, it has pulled members of the bench down into the dust of the political arena in quest of a solution acceptable because of the high authority and so far unimpeached integrity of the bench.

I say with sorrow that the reputation for impartiality, dignity and honour enjoyed by the bench has been exposed to criticism by this practice. All who believe in the law, who depend upon its fearless administration, and admit that the people at large must have complete faith in the integrity of the judiciary, must oppose the continuance of this practice.

If it is necessary to refer labour disputes to the judiciary, let us set up a "labour court" and name a judge for that purpose. At the present time, in the clubs, in the market place, wherever men meet and discuss, one hears a judge classified as "favourable to labour," another as "favourable to the interests," another as "weak and not knowing exactly which side he is on."

My language may seem strong. As head of the bar of Montreal I made a mild protest a year ago last May. As a member of parliament I condemned this practice in the house less than a year ago. The hon. member for Lake Centre (Mr. Diefenbaker) dealt with it at length nearly two years ago. Still the practice continues. It is because I believe in the rule of law, because the rule of law cannot be maintained unless the bench be free from all taint or suspicion of partiality, that I speak as I do. Either we have too many judges, or they are neglecting their judicial duties, if they can devote as much time as they are at present devoting to work beyond their statutory duties. In many parts of the country judicial work lags, litigants suffer, while judges are engaged in tasks foreign to their function.

I take from the English *Law Times* remarks of Lord Esher when responding to a toast to the bench. His words are exceedingly appropriate to the present abuse. Speaking of a certain judge, he said:

> Their education—

Referring to the bench.

> —and training made them impartial and determined to do what was right in any question that came before them. This, indeed, was so well known and recognized, and when the judges of England acted within the scope of their ordinary duty, nobody ever attempted to suggest that they were not impartial. At the present time, however, they knew that one of the judges had been asked to go beyond the scope of his ordinary duty, and he, for one, was surprised and sorry that the judge in question had consented to do so. The result was inevitable. That judge had been fiercely accused already of partiality or of want of desire to do justice.

There is no excuse for the government to appoint judges to work beyond their judicial function. It should sternly deny them the right of undertaking such duties for provincial governments or other bodies.

I hope, Mr. Speaker, that when the promise of the Minister of Justice has been carried out and the judges are finally given adequate salaries, they will be able to decline invitations which lower the repute of their high ministry and which tend to undermine public confidence in the bench.

This practice has now become one of almost daily occurrence. I understand why the government refers these questions to judges. It is because the people of our country still have confidence in the bench. But if these problems which are beyond the judicial function are to be submitted to the judiciary, we are taking the hazard of losing one of those institutions upon which we rely and one of the institutions which has brought the greatest glory to our country—the rule of law and the unimpeachable integrity of the bench. I therefore hope that the minister will exercise his power and great influence to discourage this practice. There are men learned in the law who are not on the bench, men eminently suited for the tasks which are so frequently being allotted to judges. Let us have recourse to them. Let

us preserve that great heritage, that great boon, the integrity of the Canadian bench.

Mr. KNOWLES: There are two matters which I should like to call to the attention of the Minister of Justice in the hope that he may act on them. First, I should like to raise again the question of a retirement age for judges of the superior courts of the various provinces. As I understand it, there is a fixed retirement age for judges of our federal courts —the Supreme Court of Canada and the exchequer court—and there is also a fixed retirement age for judges of district and county courts. But in between those two groups there is this middle bracket, if I may call it that, of superior court judges, designated by various names in different provinces, for which there is no fixed retirement age. Some of them do retire, but many go on to quite advanced ages. I would be the first one to recognize that in men of advanced years one frequently finds both physical and mental vigour the equal of some much younger, but as a general rule, I think, we would all agree that it would be better for the administration of justice and better all round if the principle of a fixed retirement age applied to all the courts of our land.

When this question was raised before, the minister commented favourably on the principle which I am advocating. On occasions I have introduced a bill to try to achieve the principle in what is admittedly an indirect manner, by providing that the salaries of judges at a prescribed age shall become what their pensions would be, thus encouraging retirement. I admit that when I introduced that bill I recognized that it was an indirect way of going about it. I would have preferred that it be done directly, but not being in a position to introduce such a measure I introduced the bill to try to focus attention on the matter and get discussion on it as well.

Two years ago, in April 1944, both the former member for Saskatoon, Mr. Bence, and I spoke on this matter and received from the Minister of Justice a favourable reply. His words, as recorded in *Hansard* for April 21, 1944, at page 2248, read in part as follows:

> Hon. L. S. St. Laurent (Minister of Justice): Mr. Speaker, I think in about two minutes I can give the assurance that hon. members have sought, that at the very first opportunity the matter of an amendment to the British North America Act to deal with the provision which now gives judges of the provincial superior courts a life tenure in their office will be considered. This is in my opinion a matter which should not be presented for amendment to the imperial parliament without previous discussion with the provinces, because the administration of justice and the establishment of the courts are matters that are within provincial jurisdiction. It is my view that the proper procedure with respect to amendments to the British North America Act when dealing with any portion that gives jurisdiction to provincial legislatures should involve prior conference and consultation with the legislatures, and if it is sought to take away from them something which has been allotted to them, their consent should be obtained.

I will not read the record further. I will simply say that it goes on to report an argument over that last point. But what I would like to ask the minister now is whether it is still his view that this is a matter for an amendment of the British North America Act, in the way he indicated at that time, after our experience which culminated in the vote last night on redistribution. The other question I would like to ask him, in the light of the other things he said on that occasion, which I have not taken the time to read to the committee, is whether the matter was presented at the recent sittings of the dominion-provincial conference, and in general, where we stand on this whole question of fixing a retirement age for judges.

About two years ago I secured from the Department of Justice a return showing the names and dates of birth of all the judges in superior courts of Canada. The return revealed that at that time there were 29 judges between the ages of 70 and 75 still sitting on the bench in the superior courts, and 11 over the age of 75. I have not asked the department to bring that return up to date, so I wish to make it clear that in what I am going to say now there is an element of surmise, because I do not know how many of these men have since retired or have passed on. But if all these men—and I emphasize the if—were still on the bench there would now be 23 between the ages of 70 and 75, and 26 over the age of 75 and on up into the eighties. That figure will of course have to be corrected in the light of retirements or deaths that have taken place in the meantime. I know the minister agrees with our contention that something should be done about this matter, and I shall appreciate it if he will indicate how it now stands.

The other question upon which I would ask the minister to comment is one which I admit at once is ticklish in this parliament, and I want to be quite fair about it and avoid any embarrassment to the minister, because not only do I respect him personally but I respect his religious faith. I refer to the question of divorce bills coming before parliament. As the minister knows, every time a batch of these bills comes through there is a feeling on the part of many of us, to say the least, that it is not quite the dignified way of dealing

with the matter, and many expressions of protest have been made from time to time. It has been suggested on the other side, and rightly so, that it is not enough merely to protest but that some alternative should be put forward. In reply to that, both the leader of this group, the member for Rosetown-Biggar, and others of us have suggested on occasion that without doing violence to anyone's religious convictions in this regard it might be possible either to pass legislation referring divorce to some federal court already in existence, or to establish some kind of federal court in the city of Ottawa. When I say that such a scheme would not do violence to anyone's convictions, what I have in mind it that it would not be establishing a divorce court in Quebec, where, as is well known, it is not wanted; nor would it provide for the citizens of Quebec seeking divorce a facility which they have not already, because they have that facility in the fact that they can come to Ottawa to the federal parliament.

Moreover, the whole question of the basis of divorce is not involved in what I am now discussing. The proposal that there should be legislation to take these cases out of parliament and put them under the jurisdiction of some federal court merely transfers the place to which these people would go when they come to Ottawa from one building to another, where it seems to me the proceedings might be carried on with a little more dignity and with proper regard for legal procedure.

I should be glad if the minister would comment on this point. I am not asking his opinion as a lawyer, since he does not have to give it, but I should like to know whether the matter has been considered, either by the government or by his department, in order to see whether something can be done in that direction. My interest in the question at this stage is not the general question of divorce but rather in maintaining the dignity of parliament and its reputation in the eyes of the public. I think it would be well if the minister at some stage in the discussion would comment on the two matters to which I have called his attention.

Mr. ST. LAURENT: If it is convenient I can comment on them at once, while the hon. gentleman's remarks are fresh in my mind.

With respect to the first, it has to do with the retiring age for judges of superior courts. I will not go over again the matters that have already been put before the house with respect to tenure of office of judges in the provincial courts by virtue of the terms of the British North America Act, but I will deal with the two basic questions which the hon. gentleman put to me. One was this: Is it still the opinion of the Minister of Justice that an amendment to the British North America Act, which would provide power to retire judges at a stated age, would require the consent of the provincial legislatures? To that my answer is that, notwithstanding the vote of last night, I persist in that view. I attempted to make it clear in that debate that I considered there had been an allocation of jurisdiction and that this parliament had no right to deal with matters which had been allocated to the provincial legislatures, and that when there was joint responsibility, if any change was to be made that would affect such control as the provincial legislatures and governments have under the constitution, their consent would have to be obtained.

Mr. DIEFENBAKER: Would it have to be the consent of all the provinces?

Mr. ST. LAURENT: In my opinion it would have to be the consent of all the provinces that would be affected thereby. I consider that they have been given jurisdiction, sovereign powers, which they get not from this parliament but from the imperial parliament, and it is their jurisdiction; so we cannot take it from them without their consent, any more than if we wanted to take from a legislature of a state of the American union some of its powers.

Mr. DIEFENBAKER: Every province would be in that position.

Mr. ST. LAURENT: Every province would be in that position, in my view. As to the second question—was anything done towards endeavouring to secure the consent of all the provincial governments to an amendment of that kind—let me say to the hon. member that during one of the adjournments of the dominion-provincial conferences, prior to January—some considerable time, in fact, before the December meeting—I had written to all the attorneys general asking them to give some consideration in advance to the subject so that they might be in a position to discuss it when we met afterwards, if there was opportunity for doing so. When they came together in Ottawa I was told by one of the attorneys general, who happens to be at the same time the premier of his province, not to bring the question up, that he would have to take an attitude that would make it absolutely useless to pursue it, and that it might be the occasion for embarrassment with regard to other things about which agreement could perhaps be secured. And the reason given was that he expected that at this session a bill would be introduced to amend the Judges Act, providing more in the form, not

of a larger proportion, but of more dollars in the matter of pensions. It was his opinion that there were several who were waiting until that happened to offer their resignations, and that we would see what would come about then. If the situation thereafter still appeared to be as embarrassing as it was at the present time he would perhaps change his views. In the meantime he would have to take such a firm attitude that it would not lead us to a solution and it might be harmful in other matters that were to be discussed.

Mr. KNOWLES: Then I take it that the minister's ideas are stymied by the great powers that sit in provincial—

Mr. ST. LAURENT: I do not know that I would say that. Perhaps stymied is all right, because it may be possible to get over the obstacle.

Mr. MACKENZIE: And hole out.

Mr. ST. LAURENT: And hole out. I know from information I have had from various sources that there is substance in the suggestion made by that gentleman that there were apt to be some resignations just as soon as the scale of salaries and pensions had become definite. Even though they were not perfectly satisfied with the scale, if they knew that there was not going to be any more available within any proximate period, there were several who would be apt to take what there was available. However, I intend—though the bill to amend the Judges Act will not become operative in all its terms until the first of the new year—to have the provisions dealing with pensions operate as soon as they are sanctioned by His Excellency, so that we shall see what the result will be.

Mr. KNOWLES: Before the minister leaves that subject I should like to ask one other question. First, may I say that we over here are enjoying the comments the minister is making about the judiciary, particularly with regard to their materialistic interest. I trust he was not casting any reflections. In view of what the minister has now stated, has any consideration been given to providing for retirement at least of those who are appointed judges in the future? I can see the argument with respect to those already on the bench, but surely with respect to judges now being appointed there should be some understanding on this point.

Mr. ST. LAURENT: No, I do not think there is any difference. The life tenure does not result from the situation when they were appointed. It is the view of the law officers of the department that under the British North America Act we cannot make any other kind of appointment to the provincial courts; that whatever appointments we make are life appointments.

Mr. KNOWLES: Unless the minister does something under section 100 dealing with salaries, pensions and so forth.

Mr. ST. LAURENT: As the hon. member himself recognizes, that would be an indirect way of doing something which parliament is not entitled to do directly, and its validity would be questionable.

Mr. KNOWLES: Keep on trying to get over the stymie.

Mr. ST. LAURENT: The hon. member suggested that he or some others might be enjoying the statement that there was a materialistic interest in these hon. gentlemen. It must not be forgotten that those to whom it would apply have been a good many years on the bench with salaries which a good many find to have been low for the duties they have to perform, and paying taxation at rates which a good many have found to be extremely high. And it might not be materialistic to have them say: Well, it is only proper that I should wait and see what kind of provision is to be made at an early day.

In his second question, I understand that the hon. member was not dealing with the aspect of the divorce question which has been brought to the attention of the department in a great many letters, namely, the enlarging of the grounds under which divorce could be granted. As to that I have had to reply that those who take their law from the bible have to take it as it is. Those who admit that there is a divine law about it disagree as to what the interpretation of the law is. Roman Catholics say that it does not provide for divorce *a vinculo matrimonii* on any ground, but merely for separation without right of remarriage. Others say that it does justify a divorce *a vinculo matrimonii* and right of remarriage on the ground of adultery. But no one who takes his law from the bible says that there can be a divorce *a vinculo matrimonii* for anything else but adultery. Now, to enlarge the ground means either to deny the existence of a divine law or to say that the human law can override the divine law. In either event you get no *ne plus ultra* left. If you get away from the existence of a divine law you have no stymie beyond which you cannot go. It then becomes just a matter of determining by human law where you should stop. Though there are deplorable individual cases, there are still a great many who believe that the indissolubility of marriage is of such public value that its public value outweighs the

inconvenience to which a certain number of individuals are put and the suffering which is put upon them, probably through no fault of their own. But there do happen things which are most regrettable, and which cannot be adequately dealt with.

As to the other matter—

Mr. KNOWLES: The minister understands I was not discussing that general point at all, at the present time.

Mr. ST. LAURENT: No; but I thought it might be just as well, while dealing with the question, to give here indirectly an answer to these representations which have been made about the extension of the grounds for divorce.

Mr. DIEFENBAKER: Who made the representations?

Mr. ST. LAURENT: Individuals.

Mr. DIEFENBAKER: The Canadian Bar Association?

Mr. ST. LAURENT: No; individuals submitting individual cases of great hardship. Perhaps there have been associations as well endorsing the representations and transmitting statements of cases of individual hardship.

With respect to the other point, the situation at the present time is that for those who are domiciled in Quebec there is no divorce as of right. When a divorce is obtained it is by virtue of a special act which does not recognize divorce as an institution, but deals with a special case. There is widespread objection to the recognition of divorce as an institution or as a right one can request from a court if he is within the conditions laid down. For that reason there would be very much opposition to the establishment of a code of divorce which would make divorce a matter of right to be granted by a court of justice under a rule of law. I have suggested to others interested, who have been discussing the procedure which is followed and which is not edifying in connection with these large numbers of divorce bills that are dealt with by parliament, that of course one solution to get away from the inconvenience or distastefulness of such practice would be to refuse to grant any divorces. They do not have to be granted. No one has a right to one. It is just a matter of whether or not a special act will be passed to deal with a special petition of one who asks for something which is not provided for by law.

Mr. KNOWLES: On that point may I ask the minister if these special acts of divorce are not passed under section 91, subsection (26) of the British North America Act, which would seem to recognize the institution of divorce as far as the powers of parliament are concerned.

Mr. ST. LAURENT: The heading in question under section 91 gives jurisdiction to parliament in that matter, but does not go beyond giving it jurisdiction.

Mr. KNOWLES: The heading is "Marriage and Divorce."

Mr. ST. LAURENT: Yes. There is no doubt the word "divorce" is something that has a connotation understood by human beings. The British North America Act does not say there shall be any divorce but says the matter of divorce is one that can be dealt with by the Canadian parliament.

Mr. KNOWLES: And we deal with it one hundred and fifty times a year.

Mr. ST. LAURENT: And parliament deals with it. One solution to eliminate these things which are considered distasteful and so on would be to refuse to deal with them. There are some who believe that there should be divorces in some cases which they would look upon as proper cases, and that it would not be exercising the jurisdiction or discharging the responsibility that the having of the jurisdiction places upon parliament to refuse to deal with any. I have suggested to hon. members of parliament concerned with this that there might be some other solution that would not set up divorce as a matter of right but would largely relieve parliament of the inconvenient features of the practice now going on. The courts of the province of Quebec pronounce decrees of separation for adultery. If parliament were to say, "We will not consider an application unless it is supported by a decree of separation based upon a finding of adultery," then the committee of parliament would not have to go beyond looking at the documentary evidence. Anyone who wanted to ask parliament to grant a divorce first would have to go to the courts and get a decree of separation and a finding that there had been adultery, and there would be no need of any investigation, consisting of the hearing of witnesses, by a committee of the senate.

Mr. SMITH (Calgary West): Is that decree granted on other grounds, or just adultery?

Mr. ST. LAURENT: It can be granted on other grounds.

If that were to become the attitude I think the legislature of the province of Quebec probably would be invited to amend the Quebec law which provides that if the

wife is found guilty of adultery a decree of separation is a matter of right, but that if it is the husband who is guilty of adultery it is a matter of right only if he has kept his mistress in the common domicile. Though that may have been looked upon as a proper rule in days gone by, I think the feeling of the public now is that in this matter there should be equality of treatment for both sexes. If it became known that parliament was going to refuse to deal with applications for divorce unless there was from the courts a decree of separation, founded upon adultery, I think the legislature would be apt to amend its law to make that kind of decree available to the wife as well as to the husband, if adultery were established.

Mr. KNOWLES: This idea appeals to me as having merit, in the sense that it gets rid of the farce we have here, and also in the sense that it ties in with their provincial laws and thus keeps the people of Quebec in the picture. Since that is the case, has any consideration been given to a procedure to bring about that result? Does it require an act of parliament, or a pronouncement by the government, or what?

Mr. ST. LAURENT: I have made the suggestion, and I hope it is under consideration. I have offered the suggestion to members of both houses of parliament interested in the question, and I have been told that they were going to give it consideration, that it was a suggestion which did seem to have some merit. I have also made the suggestion to confreres of mine of the bar of my province that if something like that were done probably it would be necessary for the Quebec legislature to amend the code and put both sexes on the same footing in that regard. I have found no one to frown upon the suggestion, but so far it is still under consideration. I must say I am not promoting anything that will facilitate divorce; it did not appear to me that making suggestions of that kind would be promoting anything that would facilitate divorces. The courts of Quebec would then have the responsibility of securing, for these separations, proper evidence, genuine evidence, evidence of real grounds, and not evidence of things prepared for the purpose of getting the result.

Mr. SMITH (Calgary West): I rather like the minister's idea. I think it is the first suggestion we have heard in this connection that has real merit.

Mr. ST. LAURENT: The legislature of Quebec has provided that the attorney general may intervene in any case for a judgment of nullity of marriage, because there had been quite a large number of marriages declared null by courts of justice in Quebec, and public opinion had become disturbed. So the Quebec legislature provided that the attorney general might intervene in all such cases, and I understand that since this provision was made he has been instructing counsel so to intervene.

Mr. SMITH (Calgary West): Similar to a king's proctor, you mean?

Mr. ST. LAURENT: In the role of a king's proctor. The same thing could be done, and would be the responsibility of the Quebec authorities, with respect to these decrees of separation, which would become an essential requirement for getting a special act of divorce from the dominion parliament. So there the Quebec authorities could assume and discharge their responsibility of seeing that no decrees of separation were granted on trivial grounds or trumped up grounds.

Mr. KNOWLES: Matters relating to children, if that procedure were adopted, would still go back to the province?

Mr. ST. LAURENT: If that procedure were adopted matters relating to property, to families, to the care of children, to alimony and so on all would have been disposed of in the decree of separation. I believe that with proper care taken to see that only genuine cases were dealt with by the courts it would afford relief to parliament, and probably diminish the number of applications which come before parliament. And even those which come before parliament could then be dealt with on documentary evidence, without the requirement of a special investigating committee to hear oral testimony.

Mr. SMITH (Calgary West): They would not be bothered with finding facts at all. They would take them right from the decree.

Mr. ST. LAURENT: They would take the facts from the judicial findings in the decree, and then do whatever would appear to parliament to be the right thing to do.

Mr. KNOWLES: The minister says that his proposal does not deal with some broad considerations connected with divorce; but I think it is one of the most commendable suggestions yet made—perhaps even better than my own—for getting rid of the present situation. I for one hope it will be actively considered.

Mr. ST. LAURENT: It arose out of my first suggestion that parliament could get rid of some of its troubles by refusing to deal with applications for divorces. I appreciate some said that would not be discharging the

responsibility that is upon us, because we are the ones who have the jurisdiction. I then said if you feel that you should discharge the responsibility, say that you will not attempt to discharge it until there is a judicial finding beforehand that there are what you consider proper grounds.

Mr. McIVOR: Mr. Chairman, there are three points I should like to discuss. An announcement has been made respecting the appointment of a commissioner to supervise the penitentiaries. Those of us who are intensely interested in the care of those who make mistakes now have hope that the findings of the commission which were made public about seven years ago will now be put into practice. I commend the minister for the appointment of the commissioner; it shows that we are going to get action.

When the minister's estimates were before the committee last year he said he commended a practice whereby, when a man has served a certain length of time in a penitentiary, it was better not to enforce his serving the complete time. He approved letting the prisoner out a little early, so that the prisoner would feel somewhat more sympathetically inclined toward the country of his birth or adoption. At that time I mentioned the cases of two men. I can tell the minister to-day that those two men are out, and that they are behaving as respectable citizens. They are making good, and looking after their families. To-day I shall give him the names of two others whom I hope to have out in the near future. I have just as much confidence in these two men, although they did bad things.

I believe our penitentiaries have been improving in the teaching of trades to the prisoners. But it is not enough to have a trade, as the minister well knows. I have in mind a young man who was confined in Stony Mountain penitentiary who, upon his release, was in a position to earn eighty cents an hour as a carpenter. I was able to get him a job. He told his employer where he had been, where he had learned his trade, and the situation seemed hopeful. However, in the fall of the year the young man got the urge to make more money. He seemed to think he was not making it fast enough, with the result that he got into more trouble, and he is back in the penitentiary. The minister will agree with me that a trade is not enough to make a man.

In passing, let me pay tribute to the chaplain service in the penitentiaries. They are just as important as any other officials in those institutions. But a young man must have some outlook in life greater than a call for money, or a call for the satisfaction of his lower nature. He must see Him who alone can help him to live right. If he does that, his trade will help him.

May I commend the minister for something concerning which he has been criticized, namely the way he handled the espionage incident. I should have been disappointed had the minister, when appointing the commission, told it how it was to act. The minister was not responsible for the manner in which the men were arrested or detained. That was the way the commission thought best to have it done.

When the Prime Minister appoints a cabinet minister, he does not tell that minister in detail how he must act. The man is accepted, and put on his own resources. That is why we have so many ministers who think for themselves and act honestly without supervision by the Prime Minister. They are to be commended for this.

There are organizations in Canada which condemn the government for the way in which the espionage affair was handled, and for the unveiling of that dastardly thing which, if left unhindered, would have undermined the best in our country, namely the loyalty of our citizens. While perhaps I might have liked to see them treated in another way, I believe the minister is to be commended for what he did.

Others have been arrested without their crimes being made known to them. I have known men who were arrested without being told what their crimes had been. Perhaps they were not clear enough in the head to understand at the time of their arrest; but they found out later on.

These are things for which I commend the minister. I approve his treatment of prisoners who have served long terms in the penitentiaries. I still take the stand that if a man is a criminal he should be in; but when he has ceased to be a criminal, the sooner he is out the better for him and all concerned.

Mr. DIEFENBAKER: I am sure the introduction by the last hon. member of the subject of espionage did not please the minister too well, because I have no doubt he wishes to have his estimates passed. That is one subject we discussed on another occasion, and I trust too much praise will not be given the government for its handling of the espionage affair. If that were so, it would be necessary to discuss the matter somewhat further.

My remarks to-day will have reference to the judiciary. During the last two years how many appointments have been made of members of the bar over sixty years of age, and over sixty-five years of age? I am informed that a gentleman has been appointed to a

county court judgeship, although he is more than sixty-five years of age. At the outside he will retire in no more than ten years, because that is the age of retirement for county court judges.

The minister has said that many of the judges would retire now, were it not for the fact they are considering the possibility of an increase in their salaries, and a consequent increase in pensions. To-day in Canada there are six supreme court judges between 80 and 90 years of age; 31 between 70 and 80; 49 between 60 and 70; 36 between 50 and 60, and only 14 under 50. That was the situation only a few months ago. I think one of the reasons for this situation, as the minister realizes, is that these men do not desire to retire because their retirement allowances would be so much less than the salaries they are now receiving. While he said that the adoption of a plan whereby the salary after a certain age would be reduced to the amount of the pension would be an indirect way of doing what could not be done directly, my understanding is that the law officers of the crown have given their opinion that such legislation would be effective and within the competence of parliament.

I should like to make one suggestion in connection with the supreme court. In at least one case recently there has been criticism of the supreme court for not having heard an appeal in a case that was brought before it from the province of Ontario. I think the right of appeal to the supreme court should be enlarged. To-day the situation is this. If a person desires to appeal from a provincial court of appeal to the supreme court he is denied the right of appeal unless a matter of pecuniary or economic interest, present or future, is to be determined. Except where there has been leave by the appeal court of the province, the supreme court is denied the right to grant that leave. Within the last few days, in a case known as Greenlees vs. the Attorney General of Canada, the supreme court decided that it did not have the right to grant the appellant an appeal to the supreme court against a dismissal by the court of appeal of Ontario of his application for a declaration that he was a minister of a religious denomination. The appeal court of Ontario refused this man the right to appeal, and the supreme court, before whom an application was made, stated this in the conclusion of Mr. Justice Kerwin:

> On the ground that we have no jurisdiction to grant leave, application must be refused.

This question has been up before the supreme court on previous occasions, but except where there is a matter of pecuniary or financial interest involved the supreme court has not the same powers as a judge of an appeal court of the province from which the appeal is taken. There should be an enlargement of the right of the supreme court in order to ensure that in spiritual matters affecting the individual the right of appeal to the supreme court shall be granted.

I should like to ascertain from the minister the present position with regard to the application to the privy council as to the power of the parliament of Canada to pass legislation doing away with appeals to the privy council. This matter has been before the court for a very considerable time. The appeal has been before the privy council for many, many months. It was impossible during the war to have the case argued. My recollection is that the minister told the committee last November that the case might be heard in May or June of this year. I should like to ascertain from him what the position is to-day.

There is another matter I would bring up. It has to do with the necessity of there being some review by the Department of Justice of sentences passed by courts martial during the war. In the United States there has been in effect a system similar to that followed here in recent months of having court-martial sentences reviewed by a superior court judge. The review in this country was by a committee the chairman of which was Mr. Justice Keiller Mackay. That committee went about the country and reviewed many of the verv heavy sentences passed by courts martial, sentences often inhuman and unfair; it reduced many such sentences to reasonable proportions and secured a degree of uniformity which otherwise there would not have been.

In the United States, however, proceedings are now being taken to have a review of individual cases of claimed injustice made by groups of lawyers appointed from within the war department but in collaboration with the Department of Justice. There are many cases of unfairness here that have not yet been reviewed. I have in mind officers who were dismissed from the service. Dismissal from the service follows for conduct unbecoming a gentleman, and regardless of the offence and regardless of the injustice of the sentence the officer has no opportunity to have his case presented before Mr. Justice Mackay's tribunal or any other. My suggestion is that these cases should be reviewed. I have in mind sentences passed recently in connection with the army in Holland. Junior officers received heavy sentences, but the senior officer received no sentence. When recently production was asked of the report into this matter by General Montague the government refused production of the report on the ground that the

matter was *sub judice* and that the report should therefore not be produced. I ask the minister now, the trials having taken place, whether it would not be proper to produce the report dealing with a judicial investigation by a member of the appellate court of Manitoba, so that any suggestion of unfairness or injustice to the junior officers may be considered in the light of the evidence and of the report made by Mr. Justice Montague. I refer to him as Mr. Justice Montague because General Montague has returned to Canada and is resuming his position on the bench of his province. I have before me a number of individual cases which I shall not bring before the committee, but I make the general representation that where there is any suggestion of injustice the place where the appeal must be made is to the Department of Justice and the person to whom it must be made is the Minister of Justice, the custodian of the king's conscience and of justice in this country.

Mention has been made to-day of the necessity of a revision of the criminal code. I have referred to that on a number of occasions. There is no lawyer in Canada to-day, however eminent he may be, who can with certainty say in certain cases whether jurisdiction rests in one court or in another. The criminal code to-day is a mass of archaic principles which often are not in keeping with present-day developments. In Great Britain measures are being taken to bring their law up to date. I mention only one example, the law respecting insanity. Without regard to developments which have taken place in scientific knowledge over the last thirty years, we are still determining the question of insanity on the basis of a case decided 103 years ago. Then, in regard to punishments and penalties, the general attitude toward them has changed with the years; yet the penalties in the criminal code are in the main as they were in 1892.

Three years ago I raised a question with regard to juries in the province of Saskatchewan—I raised it again last year—that we had a six-man jury there, and there was a disagreement among the lawyers as to whether a six-man jury was better for the crown than it was for the defence, or whether it was more difficult to secure a conviction before a six-man jury than before a twelve-man jury. Whatever the conclusion may be—and there is disagreement among members of the bar—three years ago I raised that question; and last year the minister said that if the province of Saskatchewan would indicate its desire to have twelve-man jury restored, it would be restored. This was done. I should like to know whether at the present session legislation will be introduced to provide for a twelve-man jury in Saskatchewan as was the case prior to 1932.

With regard to the question of judges' salaries, I realize that some will say that, in supporting the minister in the attitude he took last year that these salaries should be increased, one is doing something for which he should be subjected to criticism. I personally was critized in a speech which was made over the radio because I had supported an increase of judges' salaries. That has not changed my viewpoint at all. The great difficulty to-day which the Minister of Justice is in is that, judges' salaries being at a level which has not been changed for many years, the best men—outstanding counsel and leaders of the bar—cannot be recruited for the bench. For the moment it is popular to take a stand in opposition to increases.

Mr. MITCHELL: No, it is not.

Mr. DIEFENBAKER: However, take as an example the Supreme Court of Canada. I know the difficulties which the minister has had to secure appointees to that court which above all must be representative of the most outstanding members of the bar, men of good judgment, men of ability; above all, men with the desire and the ideal of justice. Yet it is impossible to get men to accept appointments. Our own judges in western Canada would refuse to be appointed because they would have to change from the surroundings of many years and come to Ottawa, and all they would receive additional to what they are receiving as judges in the western provinces would be approximately $75 a month.

Mr. MACKENZIE: They cannot afford it.

Mr. DIEFENBAKER: As the minister says, they just cannot afford to do that. It may be argued that the old age pension should be increased. I support that. At the same time I believe that all the material things of life are meaningless unless in the courts of this land men are assured that those who administer justice will so with ability and dispatch and certainty and with honour to this country.

While on the subject of judicial responsibility and improvement of standards of the judiciary, may I repeat what I have said before, when possibly it was not supported, that we should use our judges for judicial purposes and not misuse their services for commission purposes. During the war there was some excuse for doing so. I know what a royal commission is, and I know how it operates when you put judges on a commission to deal with conflicting viewpoints wherein

partisan politics enters. No matter what a judge does in a case like that as a commissioner, though his integrity may not be impugned there is nevertheless the suggestion that past political considerations enter into decisions he makes as a royal commissioner. It is impossible to take a man from the bench and place him in the cockpit of political considerations and conditions as a royal commissioner without in some way reducing him to a position where the suggestion of the possibility of bias applies. What a position one gets into when judges find themselves in that situation! Only in the last few days in the supreme court of another country an argument has started, arising out of political bias, which threatens to undermine the respect for justice held by people in that country. I suggest that we should, first and foremost, take the stand that judges shall not be used on commissions. I notice that to-day the Minister of Labour announced the appointment of Mr. Justice Richards, who has been an exceptionally fine conciliator, to conciliate as between the claims of labour and capital.

Mr. MACKENZIE: They are the best qualified, are they not?

Mr. MITCHELL: Whom would you get?

Mr. DIEFENBAKER: I am not so sure that they are the best qualified. They are qualified by law. But whether they are the best qualified or not, that judge, while dealing with these matters—

Mr. MACKENZIE: Both law and equity.

Mr. DIEFENBAKER: Well, it may be a matter of law and equity, but there are other considerations, economic considerations, which detract from the sanctity that should surround the members of the bench.

I am not alone in that viewpoint. One of the best articles I have read on the matter appeared in the Winnipeg *Free Press* some months ago. The editorial says this:

> The . . . principle . . . that judges shall be entirely independent of the executive government and of the legislature . . . has been seriously transgressed since the beginning of the war, with unfortunate effects on the whole machinery of justice. Throughout Canada, under the federal and provincial governments, judges have been compelled to undertake the functions of executive government and, in many cases, the virtual function of lawmaking.

I point out the case of this espionage investigation. Two judges of the Supreme Court of Canada, both estimable men, Mr. Justice Taschereau and Mr. Justice Kellock, are put on a royal commission. When appeals are heard from the cases arising from that investigation the final court of appeal will be the court on which these two gentlemen sit, although they will not be sitting on the case in question. That is a serious situation.

Mr. MACKENZIE: No.

Mr. DIEFENBAKER: The minister says it is not? Let me point this out—

Mr. MACKENZIE: They do not have to sit.

Mr. DIEFENBAKER: Oh, I said they do not sit. But they belong to the Supreme Court of Canada. Certainly they will not sit.

Mr. BROOKS: Their services are lost, too.

Mr. DIEFENBAKER: Those who will be sitting will be those members of the court who in other cases will be sitting with those two judges.

Mr. MACKENZIE: What they did was absolutely right. I know that.

Mr. DIEFENBAKER: In 1936 Lord Sankey said it was wrong in Great Britain. He said this is the most dangerous principle that can be followed. My hon. friend says it is all right. But let me point out this. In 1943 Mr. Justice Taschereau, in the Supreme Court of Canada, decided that no man, when suspected, could be questioned by a police officer, unless he was warned that he did not need to give evidence.

Mr. MACKENZIE: To save the country from traitors.

Mr. DIEFENBAKER: That was the decision in 1943. In 1946 the same judge who gave that judgment in 1943 sits on a royal commission and directs persons who are suspected that they must give evidence, and they are not entitled to the protection of the court, that protection which every court in this land grants.

Mr. MACKENZIE: They were traitors.

Mr. DIEFENBAKER: I am not entering into the propriety of the matter, but I am pointing out that these are considerations that lower the judiciary in the public mind. When you appoint judges to the bench you expect those judges to be on the bench. We have in Saskatchewan one who was appointed in 1938; he will always be able to say that he has never been reversed on appeal, for the reason that he has never sat on a case, and yet he has remained a judge of that court since 1938. These, I say, are things that cause the public to condemn the judiciary. These are things that cause many people to believe that judges are being paid enough to-day. That is why I place such reliance in the Minister of Justice. He did much,

during his term as president of the Canadian Bar Association, to press for the elevation of the standard of our judiciary, and I am willing to say that in the appointments he has made which have come to my notice, he has entirely lively up to the principles that he espoused when he was president.

I believe there are still things that can be improved, and that is why I suggest that a declaration be made by the minister that judges are to be judges and to be used as judges and not as commissioners, and that men who are appointed judges shall not act in any other capacity, leaving the bench. Think of our position in Saskatchewan. We have a four-man bench because one of our judges has never sat. Not so long ago an appeal was dismissed on an equal division of the court. These things do not elevate justice. I should like to know what the situation is in regard to this judge to whom I have referred. I should like to know whether or not he will come back to the bench or, if he leaves, what pension he will be entitled to.

Mr. ST. LAURENT: I do not wish to take up too much time because I should like to get some money voted, but there are some questions which I must answer. As to the last one, if the hon. member would allow that to remain unanswered until I have my bill before the house to amend the Judges Act, he will find at that time that a satisfactory answer is forthcoming.

Mr. DIEFENBAKER: He will be off the bench?

Mr. ST. LAURENT: The hon. member will find that provision is being made to take care of situations of that kind, because it is intended to provide for meeting the pension hiatus that might otherwise arise. The hon. gentleman asked me how many appointments have been made of members of the bar over sixty-five years of age. I do not think there has been any appointment and I would be disappointed to find that there had been, because I make it a point to inquire closely about the age of those who are recommended. If the hon. member will give me privately what information he has I shall endeavour to have it verified, and if it should prove that Jupiter nodded I shall try to have arrangements made to ensure that he will not do so again, because it is not something I would wish to do.

The hon. member inquired as to the position of the reference or appeal to the privy council with respect to the right of parliament to deal with appeals to that body. That case had been inscribed for the session that is now in progress and everyone felt it was going to be proceeded with, but the counsel who had been retained to argue the case in the supreme court had to go to hospital for an operation—

Mr. DIEFENBAKER: Mr. Geoffrion?

Mr. ST. LAURENT: Mr. Aimé Geoffrion. He went to the hospital for an operation, and I considered the question whether the deputy minister could go over himself to conduct the hearing. It was found, however, that he could not go; and I felt that, having already waited so long, it would be worth while waiting a few months longer. If at the next term it is found that Mr. Geoffrion will not be able to attend and the deputy minister cannot go over, we shall find someone else to take the case. We felt, however, that it was the sort of case that should be argued by one known to the public as experienced before the privy council, so that whatever happened the public would be satisfied that adequate argument had been submitted.

The hon. gentlemen referred to the reviewing of sentences of courts-martial and the fact that the Minister of Justice was the custodian of the king's conscience. Under king's regulations he is not the custodian of the king's conscience with respect to sentences of courts-martial—

Mr. DIEFENBAKER: I realize that.

Mr. ST. LAURENT: —and the information to which the hon. member referred will have to be obtained from the Minister of National Defence.

As to the next question, it is intended to provide at this session for the restoration of the twelve-man jury in Saskatchewan, and as a matter of fact there are two draft bills in preparation, one to amend the criminal code, containing that provision, and another which will have nothing but that provision in the event of its being decided that there will not be time to deal with the more extended bill making a certain number of other amendments to the code.

Mr. DIEFENBAKER: Would it be too forward to ask the minister what the anticipated changes will be in the criminal code?

Mr. ST. LAURENT: I would not care to say at this time what will be in the bill, because there have been a very large number of suggestions and there are some which are certainly not to be brought forward at this session. There is still a lot of legislation to come before parliament, and the officers of the department are determining which are the things that are most urgent. The matter of providing for a twelve-man jury in Saskatchewan is the first item, and if we have the feeling that parliament would have time to

deal with anything else in respect of the criminal code we shall have that. If we have the feeling that there is time to get consideration from parliament for other matters we shall determine which are the ones that appear to be most urgent and the number will depend upon how much time parliament could be asked to devote to a consideration of them.

I share with the hon. member the feeling that it is desirable that judges should devote all their time to the discharge of the ordinary functions of their offices; but there are occasions, even in peace time, when the public interest requires that they be asked to perform some other function for the state, and I hope that these occasions will be much less frequent than they were during the war. During war time there were a great many things which could not be dealt with under the ordinary processes of the courts. They required to be dealt with by gentlemen of the same temperament, learning, standing, ability and repute as those who preside over the courts. I hope there will be fewer such matters in the future.

Mr. SMITH (Calgary West): Will the minister tell me something about juries in Alberta? I refer particularly to the question of challenging. Last fall I defended a young fellow who was charged with murder. I was quite successful in that he was convicted. In Alberta I was allowed to exercise six challenges, while the crown had, in effect, forty or fifty. They have so many challenges and so many stand-asides, as we call them, that it runs to the figure of forty-six. Incidentally, during the vacation I appealed the verdict and a new trial was ordered. My brother, who must be quite a lawyer, defended the same chap and he was acquitted, so that ends that part of the story.

But in that case, as in all other cases, we used our six challenges. It means that the crown just looks over the remainder of the panel and takes anyone he wishes. Do not think for a moment I am saying that the prosecutor there, a great lawyer, and a personal friend of mine, Mr. Blanchard, is the type of man who would unduly take advantage of the position. But I think it a terrible comment on the administration of justice that a man charged with murder in Alberta has six challenges and the crown has forty odd. It means they select whomsoever they want. That is just what it comes down to. I raised the point with the minister last fall and I know that he has made some inquiries out there. I know what they did. They circulated a questionnaire to the benchers of the law society of whom I am not one, but my partner is and I saw it, and two or three telephoned me. The point is this, they were not men who knew anything about criminal law or had any experience whatever with it. They thought perhaps it might be all right. I do not suppose the attorney general wants to alter it. I am not so keen on the twelve-man jury. We have had a six-man jury ever since we have had juries, and to my mind a six-man jury works just as well, no matter which side you are on, as does a twelve-man jury. That is only my own view, but it is pretty generally held out there.

I suggest to the minister that when a person is accused, without anybody being consulted, of the most serious of all crimes, namely murder, in Alberta, the law should put him in the same position as he would be in, in any other part of Canada. Out there we are standing alone in that miserable position. Every other province permits twenty challenges. It seems to me that this parliament should not wait longer to rectify what is even more of an anomaly and, in my judgment, a perpetuation of a state of affairs which is unjustified from any point of view.

The minister is looking at the book, and I think he will find that it goes back to the old Northwest Territories Act. That is where it originated. It was fixed up for Saskatchewan. They were put in the same position as the other provinces. But for some reason we were left out on the end of the limb where we have remained ever since. It can be changed by the addition of three or four words. Just put us in the same position as all the other people in Canada. Alberta is made the exception in one of these sections. I think all hon. members will agree that it is not right to have a man charged in one province and have him put in an inferior position to that in which he would be if he were charged across the border in Saskatchewan or British Columbia. The minister will remember that I mentioned the matter. I know he has made inquiries in the area because benchers showed me letters which they had received.

Mr. ST. LAURENT: I fully agree with the hon. member for Calgary West that the provisions for the trial of a man charged with murder should be the same in all the provinces.

Mr. SMITH (Calgary West): Will the minister do something about the matter?

Mr. ST. LAURENT: I shall endeavour to have parliament do something about it at this session.

Mr. ADAMSON: I should like to discuss briefly a matter which has caused considerable discussion in the press and is the subject of

live controversy between several of the provincial attorneys general and various charitable, fraternal and church organizations throughout Canada. I refer to the game known as bingo which, I understand, is considered a gambling practice under the criminal code, and the playing of it is therefore an indictable offence. I raise this question because there is considerable confusion in the minds of many Canadians, particularly in Ontario, as to whether the pastime is gambling or not. I am informed that the game may be played occasionally without fear of the law, but if it is regularly played it then becomes an offence under the criminal code. Not being a lawyer, this would seem to me a peculiar situation. If the playing of the game in public is gambling if you do it repeatedly, surely it is gambling if you do it at all, or if you can play bingo on regular occasions without risking fine or incarceration, surely you should be able to play it at stated and given intervals without fear. To those of us who are not learned in the law it is like saying that you may rob a bank or you may murder a man: if you do it occasionally, that is all right, but if you make a practice of it you will get into trouble with the police.

I bring this question before the committee at the present time because in my opinion the playing of bingo is, despite the occasional professional operator who may run a racket, a useful and happy form of social contact. I say this because bingo cannot really be considered as gambling, in that the amount wagered in each game is small, seldom going over twenty-five cents. In many cases for an entry fee of one dollar or less a whole evening's entertainment may be had. The outlay to the individual cannot be great and is normally less than that of most commercial entertainments. It is certainly less than the amount expended even for a few bottles of beer. Therefore I feel that the playing of bingo is not apt to cause a financial strain on anybody or work an injustice or hardship on the family.

I believe practically every hon. member in the committee knows what the game is. I have no intention of describing it or its advantages. It is extremely simple. You are not likely to be involved above your original stake. I think it has a great advantage over bridge, in that there are no postmortems after the game is over. You do not accuse your partner of not having led the ace or returned your suit. It has another great advantage. During the war the game of bingo was used successfully by a large number of fraternal and charitable institutions as a method of raising money for charity. I think practically every legion, many churches and a great number of other societies used to make it a practice of having a regular night playing at this pastime. There has been an anomaly created as to whether this is a gambling practice or not. In my opinion, the banning of the game has brought about some hardships and, if continued, will reduce the funds available for charitable purposes at a time when reestablishment and readjustment make a personal or local helping hand so much more important than the cold relief of federal or provincial charity. I realize that it is not the function of the Minister of Justice to interpret the law, but I feel that it would be extremely helpful if he could make some statement on this matter at this time.

Mr. ST. LAURENT: That is a matter upon which I would feel obliged to refrain from making any definite statement. Representations have come to the department from a large number of church organizations to the effect that the law should be made even more restrictive and that such exceptions as are now recognized should be removed. On the other hand, a large number have made representations to the effect that these bingo games were susceptible of being used and were being used for worthy purposes. There are bingo games that have been organized in such a way as to make it difficult to assert they were not gambling, and this is a matter about which the opinion of honest people sharing opposing views will have to crystallize before I could take the responsibility of saying to parliament, "This is the right thing to do." I am not sufficiently informed to be able to recommend anything to parliament in that regard at the present time. I have had representations which, if they applied to all games of bingo, would show them to be terrible things. I have had representations which, if they could be applied to all games of bingo, would show they were worthy, charitable undertakings which should be encouraged. I know the representations on both sides were made sincerely, by respectable Canadian citizens, and I am not in a position to recommend anything to parliament in that connection at this session.

Mr. GREEN: Is there any reason why amendments to the criminal code are always brought in late in the session? Ever since I have been a member I think that has been the practice, but it seems unfortunate, because there is not the same opportunity to consider them as there would be if they were brought in earlier. I suggest that they are of great importance and should be brought in each year quite early in the session so that both the house and the people would have an opportunity to give them consideration.

Mr. ST. LAURENT: The reason given me for having bills to amend the criminal code prepared and brought down at a late date was that we did not want to have two bills in the same session and that frequently, while the session was in progress, recommendations came to the department which were worthy of consideration and which at times resulted in suggested amendments. It had been found by experience that it was better to wait until the session was well advanced before crystallizing the bill to amend the criminal code, because it was undesirable to have more than one such bill at any one session.

Mr. GREEN: Is there any particular objection to having two amendments to the criminal code during one session? Surely they are absorbed into the code itself anyway. As the minister has pointed out this afternoon, the result of this practice may be that this session many amendments to the criminal code will not be brought forward.

Mr. ST. LAURENT: I am sure there is other legislation quite as important and urgent as those amendments that will be left aside and will not receive consideration at this session. We have been sitting here pretty consistently; we have been dealing with many matters, but there are many more to come. I am not suggesting that members of parliament take too much time with them, but there is a limit to what can be done during a session at the pace this house sets in dealing with the matters submitted to it.

Mr. COLDWELL: Does the hon. gentleman think we are near the end of the session?

Mr. GREEN: I hope so. Will the minister give some consideration to the present practice? In my opinion, the result has been that the same time is not spent on these criminal code amendments that would be spent if they were brought in earlier in the session. The public do not have the same opportunity to know what is going on, and this is detrimental to the administration of the criminal law of the country.

Mr. ST. LAURENT: I can only repeat that I have been told a bill to amend the criminal code will be considered if there is time for it, but there are other matters that have to be considered. Desirable though these amendments may be, we can get along without them if we have not time to consider them, while there are other things we cannot get along without. That is still the situation this year. There are certain things the government feels it is necessary to place before parliament, that it is absolutely essential to put before parliament. The criminal code is the poor relation and gets consideration if there is time for it, time which does not have to be devoted to something else.

Mr. GREEN: I was not referring so much to this session, because it is already quite late in the session, I hope. I was referring to future years. Will the minister give consideration to the wisdom of bringing in the amendments to the criminal code earlier in the session, in the years that lie ahead?

Mr. ST. LAURENT: Certainly I would be only too delighted to have the bills coming from my department placed before the house at the earliest possible moment and given first reading so that they could be distributed, then allowing some time to elapse before having them considered, because I think that would be helpful and would assist in disposing of them more rapidly when they come to be considered by the house.

Mr. GREEN. That is very true.

Mr. SMITH (Calgary West): Inasmuch as amendments to the criminal code are being considered, I wish to refer to what has already been mentioned by the hon. member for Broadview. I do not think anyone can exaggerate the seriousness of the situation with respect to motorcar killings. Our law is such now—I mean our judge-made law—that in instructing a jury the judge must tell them that the negligence must be so gross as to shock the public conscience, and so on. I am quite certain the minister realizes what I am talking about, though I have forgotten the exact words. This matter can be taken care of in only one way. I have no statistics on the matter, but I prosecuted motorcar killings over a period of years. I do not think I was a bad prosecutor, but out of twenty cases I think I had about one conviction. The answer is just this, that to-day nearly every man who sits on a jury owns a motorcar. He promptly says to himself "Oh, well, I might be in that position myself some day", with the result that they are gentle in matters of this kind.

I am going to make a practical suggestion which I believe will help a good deal, and that is that the word "manslaughter" be eliminated from the criminal code. I say the word has no meaning. We have homicides of various kinds—and "homicide" is a big enough word, in itself. But if one tells a person that another is accused of manslaughter, that person will say, "Oh, boy, that's real murder, isn't it, with a vengeance!" That is the ordinary chap's idea of manslaughter. Then, attached to these motorcar killings

is the term of life imprisonment. I suggest in all seriousness that that out-of-date word be removed from the code.

I hear someone ask what word I would use instead. I could give a hundred, if necessary. But the question of negligence, and the amount of negligence as it has now been defined by our courts, I suggest should have the careful scrutiny of the law officers. I will go as far as to say this: Granted that there was someone whom I knew and wanted to murder; I could get him out on the street, run him down with my motorcar, kill him, run back and pick him up, report it to the police, follow him to the hospital—and I would not go to gaol for five minutes. There is no doubt about that.

Mr. KNOWLES: I hope that does not happen.

Mr. SMITH (Calgary West): I have no desire to try it. But I say that is one section which urgently requires reform, having regard to the number of people who are killed each week in this country by motorcars.

Mr. ST. LAURENT: The hon. member knows that there is an efficient committee of the Canadian Bar Association now giving careful study to the matter of substantial amendments to the criminal code. I shall see to it that at its forthcoming meeting it shall have available copies of to-day's *Hansard*. Attorneys general of the provinces are represented on that committee. The suggestion by the hon. member for the deletion of the word "manslaughter" from the criminal code would be looked upon as an important change. It is a suggestion concerning which I should like to have the considered opinion of those gentlemen who constitute the commitee and who represent the bars of the different provinces, and the attorneys general of those provinces.

Mr. SMITH (Calgary West): I agree with that.

Mr. ST. LAURENT: I believe it should be carefully considered, and that part of the public made up of members of the bar who practise law should be ready for it, when it is done.

Mr. ADAMSON: Is it not a fact that about 10 per cent of the drivers cause 60 per cent or 70 per cent of the accidents, and that there is a type of driver who is responsible for by far the greater number of accidents? I believe insurance companies have been able to typify the driver in that class. Has a document not been published discussing that point?

Mr. ST. LAURENT: Undoubtedly during the war, and at the present time, because of the shortage of motorcars, less care has been taken in the inspection of cars used on the highways. The result has been the exercise of less care over the conduct of persons using motorcars than one might expect under usual conditions.

The idea of compulsory insurance to cover civil liability is spreading, and through that agency a considerable degree of control would be exercised.

I acted for the defence only once in an assize court in my province. On that occasion I defended a young man who had been unfortunate enough to cause the death of a fellow man. There may be some whom it is proper to describe as motorcar killers; but sometimes there are genuine accidents.

Mr. SMITH (Calgary West): Indeed, yes.

Mr. ST. LAURENT: Those accidents cause great pain to the ones who have been the occasion of the accidents. So that one has to be careful when sorting the sheep from the goats.

Mr. SMITH (Calgary West): That is true. The fact that there is only one prosecution to every three deaths shows great discretion in the matter of laying charges.

Mr. ST. LAURENT: Yes; and one has to be most careful in that regard. I appreciate fully the humane feelings of the hon. member for Broadview, and that it was such feelings which found expression in the bill submitted by him. But I believe, if the hon. member for Calgary West will look at it, he will realize that it cannot be accepted in its present form.

Mr. SMITH (Calgary West): I was not advocating that.

Mr. ST. LAURENT: No; I am sure the hon. member would not advocate it in that form. I believe that as soon as it becomes possible to exercise care in seeing to it that people do not travel the highways with conveyances which are not in a proper condition there are apt to be fewer accidents.

Mr. ADAMSON: I think so too. Reference has been made to compulsory insurance. In the commonwealth of Massachusetts, it has been found the compulsory insurance increased the number of accidents, because many drivers, because of holding insurance, felt they were relieved from responsibility. I believe the underwriters' rate actually went up.

At six o'clock the Speaker resumed the chair and the house took recess.

After Recess

The house resumed at eight o'clock.

SUPPLY

DEPARTMENT OF JUSTICE

The house in committee of supply. Mr, Macdonald (Brantford City) in the chair.

96. Departmental administration, $199,970.

Mr. MacNICOL: I wish to speak for a few moments on a problem that has been brought up in the house over quite a long time, and I am sure that no one will be more pleased than the Minister of Justice when this problem is solved. I refer to the after-care of gaol prisoners. I have not read anything showing how much progress the minister has made in attacking this problem since the last session, but I know he does take a great interest in it. It was a problem that was also very much on the mind of his predecessor. I am sure the hon. member for Vancouver Centre will recall how earnest the former minister was in advocating, in this house, reform in the after-care of prisoners. I very well remember his saying that unless we passed a certain bill at that time, which I am sorry to say it was found afterwards could not be put into operation, he did not feel that he could continue with his arduous duties in connection with the rehabilitation of ex-prisoners.

What has been done in this matter since last year I do not know, but I was very much interested to read a few days ago some remarks made by the Reverend Walter B. Craw of Brantford, Ontario, a clergyman of Zion United church in that fine city of yours, Mr. Chairman, one of our greatest manufacturing cities. This clergyman is known everywhere for his interest in the rehabilitation of released prisoners and their after-care. His remarks which I shall quote were not made with any idea of casting reflections on the minister's department, for this is a matter that the provinces have a lot to do with, and we are all hoping that after the passing of the resolution by the house yesterday it may be a little easier for the Minister of Justice to bring about needed changes. The item is headed, "Prison system said outmoded," and reads:

Brantford, May 20—(special) Rev. Walter B. Craw last night told his congregation at Zion United Church that though we are one of the youngest nations in the world we are still maintaining one of the civilized world's most outmoded prison systems and paying for it with skyrocketing crime waves.

As I see it, the biggest problem in the minister's department to-day is the instituting and bringing about of reforms in after-prison care. I know and the minister knows that many societies in Canada, churches and institutions of every description, are ready and anxious and willing to help in every way they can to provide better after-prison care.

Only the other day I read a report issued by Mr. J. Alex. Edmison, K.C., of Toronto, who is particularly well known in our city for his humanitarian efforts and for his activity in the Prisoners' Rehabilitation Society of Ontario. I like to follow the proceedings of this society, knowing a number of the personnel of the organization and being interested in its work. The president is Brigadier-General D. C. Draper, C.M.G., D.S.O., and the executive officers include Mr. T. F. Monypenny, vice-president; Mr. J. Milton Cork, treasurer; Rev. Gilbert Agar, B.A.; Mr. J. A. Edmison, K.C., and Mr. R. H. Carpenter. The executive council is composed of distinguished men, most of whom and their achievements I know. During the last few years that this Ontario Prisoners' Rehabilitation Society has been in operation it has reclaimed, through providing jobs for them, some 5,483 former prisoners.

I get a good deal of satisfaction myself in assisting ex-prisoners to rehabilitate themselves. Many of them got into trouble in the first place through lack of funds, not from any desire to lead a criminal life, but just because they did not have a job and needed money. I am speaking of those with whom I have been in contact. If an ex-prisoner can be provided with a job which will supply him with funds this particular society has found that a large per cent of the ex-prisoners can be reclaimed. That has been my own experience in a very small way, with ex-prisoners.

I have in mind two young men. One had been in prison for two and a half years. He had a Christian mother, and when her son was let out of prison she came to see me. I asked her to send her son to see me; he came, and I gave him the best talk I could about walking straight and keeping straight, that I depended upon him and that I would get him a job. It was quite a job to get him a job, because here is the trouble. When he approaches an employer the first question he is asked is, "Where have you been working?" What answer can he make? This particular boy had been in the Ontario reformatory at Guelph, and I made it my business to call up one employer after another and plead with them to give him a job, saying that I would be responsible for him. I am happy to say that he got a job and has made good, and his mother, a widow with a big family, is very happy over it.

That case is similar to another one with which I had something to do recently. This is what one might call a big brothers' move-

ment. The minister knows better than anyone else that if each one of us would do his part to assist him and his department in rehabilitating and getting jobs for worthy ex-prisoners we could achieve something that is well worth striving for. This Borstal prisoners' rehabilitation department has found that 58 per cent of the ex-prisoners make good. Let me quote from an article, "The Problem of Prison After-Care", by J. Alex Edmison, K.C., published in May, 1946:

> The report of the royal commission on the penal system of Canada in 1938 is generally conceded to be the most exhaustive penological study ever attempted in this country. The fact that no major steps have been taken to implement the recommendations of Judge Archambault and his colleagues is a source of despair to penologists in Canada and of bewilderment to those experts abroad who advised the commission during their exploratory tour overseas.

I do not blame the minister for the fact that the recommendations in this report have not been carried out, but I should like the minister to tell us what the trouble is, why the proposals cannot be carried out, and then it will be up to this house to do the best it can to assist him in taking effective action. Certainly the commission, which was appointed during the term of the minister's predecessor, has presented a comprehensive and exhaustive report. I have heard it said in the house two or three times that effect could not be given to it because of the division of authority between the provinces and the dominion. I for one hope that some *modus operandi* will be arrived at whereby the two authorities can work together in order that the whole penal system can be modernized, much as has been done by Borstal in the old country.

In an address on June 13 to the Rotary club at Hull, Judge Archambault gave a learned address on this subject, in which he referred to the principles of rehabilitation and the sort of scientific approach which should be taken to the subject. In the course of his speech he mentioned the Borstal system. I am not going to dilate on it at the moment. I would rather hear the minister tell us what programme has been instituted, perhaps in his department, to adopt something like the Borstal system in this country. It is a system of which I have made an exhaustive survey, visiting many prisons in England and observing their procedure. I believe they have seven main institutions. First, prisoners are sent to Wormwood Scrubbs. They are there examined, and there it is determined what other institution they should be sent to, with a view of directing their thoughts along the lines of improving their best aptitudes. A wonderful work is being accomplished, as the minister, perhaps, knows better than any of us. My own knowledge comes from having investigated quite a number of these prisons and learning, while there, how they work. In the course of my survey I was told on many occasions that quite a number of these young lads went astray because of mental deficiency. As I remarked a few days ago in relation to another matter, the Prisoners' Rehabilitation Society of Ontario state in a report that, in 1945, of the 2,810 inmates of Ontario prisons and reformatories, 10·13 per cent are markedly mental defectives. That being so, a prison is no place for them. They can be restored through new systems of mental hygiene which the Minister of National Health and Welfare supports in his estimates. Perhaps many of these young lads could be reclaimed by being sent to some institution where their mental status could be improved. This report also states that 14·04 per cent were on the borderline of being mental defectives. A prison is not the place for that type of young man. I hope that the minister's department, cooperating in some way with the provinces, will see to it that such lads are not sent to a prison, where they will only learn more crime from older people, but will be sent to some institutions where their mental condition can be improved.

Judge Archambault is undoubtedly one of the most distinguished, if not the most distinguished of penologists in Canada, mainly because of his long and exhaustive experience in connection with the investigation by his commission, and I hope that some method can be found to carry out the programme he has so strongly recommended.

Others will help, I know of the work Lieutenant-Colonel Wallace Bunton of the Salvation Army in Toronto. I know that on many occasions numbers of young people have been delivered into his care right out of the police courts in Toronto, and everyone who is familiar with that fine man's splendid work knows what a wonderful success he has made in reclaiming prisoners. The view expressed, quite rightly, by those engaged in reforming these lads is that the trouble most frequently arises from lack of home training. These young folks need love and affection, and when they find men like Lieutenant-Colonel Wallace Bunton who are sympathetic to them it does them a great deal of good. It would be a great thing for this country if some programme could be initiated by which many other people in every city in Canada could be induced to assist in the rehabilitation of these young lads.

I should like to hear the minister say what progress has been made in instituting in Canada something comparable to the Borstal

system, and what progress has been made in bringing together remedial agencies in line with the recommendations of the report of the royal commission, so that all, working together, can do in Canada something like what is now being done in the old land. I realize that our geographical position is quite different from that of the United Kingdom; yet it should be possible to put in operation a system something like the one they have over there. Would the minister tell us what is now projected and being done toward instituting in Canada something along the lines of the Borstal system?

Mr. McKAY: Is it the wish of the minister at this time to continue the discussion on item 106, which has to do with penitentiaries, or would he rather carry on with item 96?

Mr. ST. LAURENT: Of course the estimates are in the hands of the committee. We are on item 96. It has always been the practice, on the item dealing with general administration, to discuss matters which are not particularly dealt with in any separate item, and I do not want to raise any objection to anything dealing with matters under the jurisdiction of my department which hon. members wish to discuss. But we have now had several hours of this discussion. I am not suggesting that it should be shut off, but as soon as it suits the convenience of the members of the committee to take up separately the consideration of the items which are before the committee for its study I think we shall be able to make more progress.

Mr. McKAY: Perhaps the minister could answer all the suggestions in regard to penal reform when we deal with section 106, on penitentiaries.

Mr. ST. LAURENT: I think it would be more convenient to reserve those matters until we reach the item which relates to the branch administration of penitentiaries.

The CHAIRMAN: Do I understand that the committee will discuss the question raised by the hon. member for Davenport, that is to say the Borstal system, and other matters affecting penitentiaries, when we come to item 106?

Mr. FAIR: There is one question I would ask the minister in regard to men who have joined the Royal Canadian Mounted Police. I have heard a number of complaints from some of the younger men because they are not allowed to marry until they have had so many years' service.

Mr. ST. LAURENT: I suggest that the hon. member allow that question to stand

until we reach the estimates of the R.C.M.P. They are not part of the Department of Justice, and there are special items dealing with that branch, namely, 348 and following.

Mr. MACDONALD (Halifax): I doubt whether the matter I am about to discuss may properly be brought up under any further estimates which we may consider. I would suggest to the minister that there be an amendment either to the Admiralty Act or to the Canada Shipping Act, 1934, to provide that action may be maintained against the ship herself by the dependents of a person who has lost his life through the negligence of those in charge of the navigation of the ship. The law to-day is that those whose property is destroyed or damaged by a ship have a cause of action against the owners of the ship in cases where the damage has been occasioned by some wrongful act on the part of those responsible for the ship. Likewise, if anyone is injured he has an action which can be brought against the owners of the ship where his injuries have resulted from negligence on the part of those in charge of the ship. However, the law to-day provides no remedy or redress in the case where death has occurred, and the dependents are looking for some relief. That is not the case in the United States or in Great Britain. In both those countries an action does lie on behalf of the dependents against the owners of the ship, and that action may be enforced in the admiralty courts by the arrest of the ship.

This is a matter to which I have called the attention of the Minister of Justice and of the deputy minister many times in the last few years. I understood, however, that, owing to war-time legislation and the necessity of giving priority to important legislation arising out of the war, the time had not come when the necessary amendments to either statute whch I have mentioned could be made. It involves a very simple proceeding to create this action. All that is necessary is the insertion, in either of the acts that I have mentioned, of a provision similar to those which we have in the fatal injuries act of Nova Scotia.

The matter has not been of such great importance during the war years, for the reason that during those years shipping—American, British and allied—has been for the most part controlled by governments, and ships owned by governments or under charter to governments were immune from arrest. The matter is now quite important, however, because from time to time we have cases where men lose their lives at sea. The ship that has caused the death may be a foreign ship,

and under our present laws the dependents of the man, even if Canadian citizens, have to go to foreign tribunals to recover damages for loss that has been sustained. They have not the right to arrest the ship in this country for the enforcement of their claims.

Mr. ST. LAURENT: I understand that representations were made before the war, and there is a file in the department dealing with the subject. It involves questions that will have to be given careful consideration, because I understand that the hon. gentleman not only wishes a matter of procedure dealt with but wishes something that will establish legal right for compensation—a civil right, something which may perhaps be within provincial jurisdiction. It is a matter that will have to receive careful consideration. It does not mean merely creating a bit of legal machinery.

Mr. MACDONALD (Halifax): I agree with the minister that it is not solely a matter of procedure; but a statute can create the right of action—a federal statute, I believe.

Mr. ST. LAURENT: The matter of determining to what extent a federal statute should create civil liability between an employer and his employee will have to be considered carefully, because it may well be something within provincial jurisdiction. However, I am informed that, for the reasons which the hon. member mentioned, it did not appear to be urgent during the war, and now that shipping is getting back into private hands it is necessary to come to some conclusion. I can assure him that the matter will be given careful consideration.

Mr. DIEFENBAKER: With respect to the imposition of fines, in the United Kingdom changes have recently been made whereby, when a fine is imposed on a person who by reason of poverty is unable to pay, provision is made so that such person shall not be required to serve the alternative penalty, namely imprisonment. As things are at the present time, that condition is ameliorated in many cases by magistrates who postpone, sometimes for a considerable period, the imposition of the alternative penalty by failing to sign the warrant of commitment, thereby enabling the convicted person to raise the fine and costs. In the United Kingdom that has been done away with, so that those who are poor should not be penalized in consequence, discretionary power rests in the magistrate with respect to the imposition of the alternative. That, I think, is one matter which should receive the attention of the department. We all know of cases where, in respect of petty offences, a fine is sufficient to meet the ends of justice; but accused find themselves, through inability to pay, facing the alternative of imprisonment. It is a matter, as I say, which will require considerable thought in its application, but I believe the system adopted in Britain to-day might very well be brought into effect here.

Mr. ST. LAURENT: The hon. member is aware that there have been representations by the Canadian Bar Association along those lines, and there are many recommendations for amendment of the criminal code, which recommendations have accumulated and are receiving consideration. As many of those recommendations as appear to be urgent, and for which it is felt there will be time in which parliament can give them consideration, will be included in the bill to amend the criminal code. They will be included if it is found that there will be time for the proper consideration of that kind of bill.

Mr. DIEFENBAKER: It would be a commendable move.

Item agreed to.

Justice—

97. Remission service, including remuneration to members of the Royal Canadian Mounted Police Force (to be expended under order in council, and not to exceed $1,600) for assistance to this service, and an amount of $10,900 to reimburse the Royal Canadian Mounted Police Force the amounts disbursed by them in ordinary pay and allowances to their men on loan to this service, $55,945.

Mr. DIEFENBAKER: I understand that there is no uniform remission service applicable to all sentences at the present time. In South Africa there is in effect a system whereby, immediately after a convicted person has been sentenced to a penal institution, there is automatically a review of his sentence with a view to securing uniformity in all parts of that country. It is a system which has worked out very well for all. In some provinces heavy penalties are imposed and in other provinces lesser sentences are imposed for the same offence. If the suggested system were adopted a degree of uniformity would be secured.

Has the minister given consideration to the setting-up of a form of remission service so that, instead of the accused appealing in every case against a sentence which he regards as unfair and unjust, the officers of the department would have the power and also the responsibility of immediately reviewing the circumstances in each case to the end that uniformity of sentences be secured in all provinces?

Mr. ST. LAURENT: The minister has not given consideration to that, and is not yet convinced that it would be proper for him to do so. Under our system the administration of justice is given to the courts, and the minister would feel that it would be impertinent on his part to set up a bureau in his department to review, modify and harmonize the judgments rendered by the courts of justice. The only power that exists in the federal authority to deal with that is the power of clemency exercised by His Excellency on the recommendation of a minister of the crown. It would be going much beyond what the power of clemency implies to set up an administrative court or bureau of review to deal with sentences pronounced by the courts of justice.

Mr. DIEFENBAKER: In reality, is that not what has being done by the remission branch here for a period of time?

Mr. ST. LAURENT: No, that is not what has been done by the remission branch or a period of time. What is done by the remission branch is to take the sentence as a proper sentence imposed by the proper authorities and then to see whether there are features in the case which would make it one which could be recommended to the sovereign for the exercise of the prerogative of mercy.

Mr. SMITH (Calgary West): In connection with remissions, is the system of personal interviews carried out? What I have in mind is this, I know there are counsel and so on, but we will assume that a man is in Stony Mountain penitentiary. Does someone from here personally chat with that fellow and so on before he makes up his mind?

Mr. ST. LAURENT: Not in every case. There are inspectors who, when they inspect the penitentiaries, have interviews with those who are applying for some measure of remission; but it must not be forgotten that the prerogative of clemency is exercised not only with respect to those who are confined to federal institutions but also with respect to those who are in provincial gaols. It frequently happens that there is an application for clemency with respect to a sentence being served in a provincial gaol. That is dealt with without there being a personal interview between anyone connected with the Department of Justice here and the applicant. In those cases, the application is dealt with on the basis of information obtained form others than officers of the Department of Justice.

Item agreed to.

99. Expenses of litigated matters, $25,000.

Mr. DIEFENBAKER: What were the expenses for litigated matters during the current year?

Mr. ST. LAURENT: $9,960.64.

Item agreed to.

Exchequer Court of Canada—
102. Administration, $48,540.

Mr. DIEFENBAKER: On the last occasion that these estimates were before the committee a question arose with regard to the number of judgments which had been held up in the exchequer court for a period of more than one year. During the war, having regard to the tremendous volume of litigation as between the crown and private individuals, the exchequer court found itself in the position where the judges got far behind in their work. As I see it, in no case was it due to any lack of efficiency on the part of the judges, but rather to the lack of sufficient judges and also to the increased amount of litigation. However, a serious situation had developed in that, as I remember it, fifty cases had been concluded without any judgment having been given. Would the minister advise whether that situation has been met and to what extent judgments have not been delivered for a period of more than one year?

Mr. ST. LAURENT: It will be remembered that parliament provided for the appointment of an additional judge, who was appointed about a year ago. Since that time an effort has been made to have the new cases tried by the new appointee, or by judges assigned as ad hoc judges to the exchequer court. Three ad hoc judges have assisted in the work of the exchequer court during the course of the last year: His Honour Judge Cameron, Mr. Justice Smith and Mr. Justice Michaud, and they heard quite a large number of cases. Since the first of January His Honour Judge Cameron has delivered judgment in three cases and has one still under consideration. Mr. Justice Smith heard two cases and delivered judgment since the first of January, and Mr. Justice Michaud, ten, and has four still under consideration.

The president of the court just a few days ago, less than a week ago, when I asked the clerk of the court for a report, still had under advisement twenty-three cases, ten of which were of 1945 and 1946, and thirteen of which

were of 1943 and 1944. Mr. Justice Angers had twenty-three, fourteen of which were of 1944 and nine of 1945 and 1946, and Mr. Justice O'Connor still had eight reserved in 1946.

Mr. SMITH (Calgary West): How many did Mr. Justice O'Connor try?

Mr. ST. LAURENT: Since his appointment? I have not that figure; but the information I have is that the cases which have been tried by Mr. Justice O'Connor have been disposed of without there being accumulation. The president of the court and Mr. Justice Angers still have several of these cases of 1944 and early 1945 that have not yet been disposed of, but they are being disposed of with considerable dispatch. The president of the court has disposed of seven since January 1, 1946, and Mr. Justice Angers has disposed of twelve. I was informed also that the president of the court had three judgments about ready which he expected to hand down within a very short time and that Mr. Justice Angers had five which he was completing and which would be handed down within a short time.

Mr. RICHARD (Ottawa East): Under this item I see that the salary of the registrar is given as $5,000 and that of the deputy registrar as $3,720. I have had quite a bit of experience in the exchequer court, in patent matters; I know the importance of the post of registrar and deputy registrar, especially now that there are three judges on the exchequer court. I know the work of a good registrar and a good deputy registrar is important, and since the minister's predecessor saw fit to increase the salary of the registrar of the Supreme Court of Canada to $7,500, for work which is comparable with that of the registrar of the exchequer court, I feel that some consideration should be given to making the salary of the registrar of the exchequer court at least respectable.

Mr. ST. LAURENT: The question of the salary of the registrar, and the salaries of the additional help that will be required in order that the affairs of the court may be dealt with as expeditiously as possible, is under consideration.

Item agreed to.

103. Yukon territorial court—administration, $5,040.

Mr. ROSS (St. Paul's): I am not a lawyer; I do not know much about these matters, but I notice that in Ontario we have some sixty-five county court judges who receive salaries of $5,000 each. I understand that the minister has under advisement at the present time the matter of increasing the salaries of some of these judges, but I should like to point out that we have several of these county court judges living in the city of Toronto, and I know their cost of living is much greater than is the case in some of the smaller places. So that it seems to me there should be some differential when we decide what the county court judges should receive in future. I do not know whether the judges of the circuit court in the province of Quebec would be equivalent to the county court judges in Ontario, but I notice that these judges in Quebec receive $7,000. I notice also that in that province there are thirty-eight judges receiving $9,000 each. There do not seem to be many county court judges in Quebec. I do not know the principle of the thing, but I know how hard these men are worked. A salary of $5,000 might have been all right when they took the job, before the war when the income tax was a great deal lower than it is to-day, but these men are in responsible positions, and I want to put in a word on their behalf in order that when this salary revision takes place some consideration may be given from the point of view of the places where these judges reside, so that they will not be all treated in the same way. Certainly I believe the cost of living might be taken into consideration.

Mr. ST. LAURENT: I am afraid the hon. member will be disappointed. That point has been given careful consideration; and while there is much to be said for the views expressed by the hon. gentleman, if he could see the representations I have received from all over the country since it became rumoured that there was to be a difference as between judges living in one place and those living in another, he would conclude, as we have had to conclude, that the proposal we shall make to parliament—of course parliament will deal with it as it may see fit—will have to be uniform for all county court judges.

Mr. JOHNSTON: I notice that under this item there is an increase of $9,000 in the salaries and travelling allowances of judges.

The CHAIRMAN: Order. The committee is considering item 103, Yukon territorial court, administration, $5,040. Shall the item carry?

Mr. JOHNSTON: Oh, no; you are going too fast.

Mr. ST. LAURENT: Might I point out to the hon. member that the matter to which he refers is not a vote. It is just included to show what is required by statute to be

paid out of the consolidated revenue fund for salaries of judges. If the hon. member were here this afternoon he heard that a bill is to be introduced this year to deal with judges' salaries. The salaries are not voted, but the amounts required are indicated in the estimates for the information of hon. members. The matter of what is the proper salary and why there should be an increase will be gone into fully when the bill to modify those salaries is brought before the house.

Mr. JOHNSTON: I am not so much concerned about the salaries; what I wanted was a little information concerning the allowances. Do they include allowances for wives of judges?

Mr. ST. LAURENT: There is no allowance for wives of judges.

Mr. DIEFENBAKER: Having regard to the number of judges who are serving on boards, such as those under the Farmers' Creditors Arrangement Act and other administrative bodies, is it a fact that these judges receive allowances over and above their official salaries while they occupy these positions? If so, will the minister give a list of the judges who during the current year received, in addition to their indemnities as judges, additional amounts earned while serving on boards or administrative bodies? That is one subject which is the cause of considerable complaint among the judges themselves, that certain members of the judiciary, while occupying such positions, receive the full amount of their indemnities as judges and, in addition, payments for other services. I am not going to mention anyone specifically, but I know of two cases where judges occupied administrative positions and were paid on a per diem basis. Their absence not only disturbs the court but also causes not a little annoyance to the other members of the bench on whom additional duties fall by reason of their absence.

Mr. ST. LAURENT: All I can say to the hon. member is that the only additions the judges receive from the Department of Justice, beyond their statutory salaries, are the travelling allowances which are also fixed by statute.

Mr. DIEFENBAKER: That does not answer the question at all. Let me put a specific example before the minister, that of a judge of the high court who receives $9,000 a year if he is a puisne judge and a larger amount if he is a chief justice. While receiving that indemnity, this judge serves as chairman or other officer under the Farmers' Creditors Arrangement Act, and receives an additional amount for the services he renders. That is referred to as expenses, but I want to find out if it is $15 a day or $25 a day that he receives while performing these extra services. Whatever the additional amount is, I want a list of the judges who have received additional amounts, over and above their indemnities, from the federal government during the past year.

Mr. ST. LAURENT: I shall have to make the hon. member's question an order for return. A judge gets nothing additional from the Department of Justice. If he is acting under the Farmers' Creditors Arrangement Act, which is under the administration of the Minister of Finance, I am not in a position to say whether there is an allowance there, or what it is. I shall bring the hon. member's question to the attention of the Minister of Finance, and perhaps we can have an inquiry made in the various departments.

Mr. DIEFENBAKER: That is satisfactory.

Mr. ST. LAURENT: But the Department of Justice certifies the vouchers for payment of salaries provided by the Judges Act, and the travelling expenses and allowances under that act.

Mr. JOHNSTON: I understood the minister to say that no allowances were paid to judges' wives. I recall that a while back one or two judges were sitting on a board of arbitration, and the wives did receive special allowances. Has that any connection here?

Mr. ST. LAURENT: I say to the hon. member, as I said to the hon. member for Lake Centre, that there have been occasions when judges have been required to fulfil special functions with other departments; and it may be that there were arrangements under which they got expenses, or perhaps even allowances for doing so. But that was not from the Department of Justice. If the hon. member would say what the function was I could inquire from the department under which that function was fulfilled.

Mr. JOHNSTON: There would be nothing extra in this vote.

Mr. ST. LAURENT: No, there is nothing in this. This is really not a vote, but rather a statement to the house that the amount payable under the Judges Act for the salaries fixed by parliament, and the amount payable for travelling expenses, aggregate the figure mentioned here.

Mr. JOHNSTON: Would the Department of Justice recommend an additional amount like that as travelling expenses for judges wives?

Mr. ST. LAURENT: No; that would be an arrangement made by the department requiring the special services.

Mr. JOHNSTON: To the Department of Finance.

Mr. ST. LAURENT: Yes, to the Department of Finance.

Mr. REID: How are the supreme court judges apportioned? Are there as many supreme court judges in British Columbia, for example, as there are in Ontario? I understand that some of the smaller provinces, with smaller populations, have as many supreme court judges as Ontario.

Mr. ST. LAURENT: The courts are established by provincial legislation. Provincial legislatures determine what they require in their provinces as courts of justice. All the federal authority has to do is to appoint and pay those judges. Sometimes it happens that a legislature provides for more judges than the federal authority feels are required. In such event, it does not fill all the vacanies created by the provincial authority. We are, however, very careful in that regard. We do not feel we should take an arbitrary stand. After all, the local authorities know best what is required. We try to exchange views, and to meet the legitimate requirements of the population.

Mr. DIEFENBAKER: It seems strange that the minister has not any information respecting the earnings of judges working for other departments of government or engaged on commissions for other departments. As an example, I refer to the coal inquiry which is now proceeding, and on which two judges of the supreme court are engaged, one from Nova Scotia and one from Alberta, and both estimable gentlemen. They have been engaged on that work for the last year. Do they receive their allowances as judges in their respective provinces during the time they serve on the coal inquiry; and do they receive, in addition to that, any per diem allowance designated as expenses, if you will, but generally of sufficiently generous proportions that it goes beyond that? And, if so, has the minister any information as to how much they receive?

Mr. ST. LAURENT: They receive their salaries as judges under the Judges Act, when they are fulfilling commissions to which they are appointed by governor in council. They do not receive travelling expenses provided by the Judges Act for sittings in courts, because that would not be applicable. It had been the practice, in spite of the terms of the Judges Act, to have special allowances made without, it seemed to me, statutory authority. During the war that was provided for under the War Measures Act. Under that act an order in council was passed which provided that, notwithstanding the terms of this section of the Judges Act, allowances could be granted. I am not in a position to say what they are; but I am in a position to say that they have been carefully discussed and controlled by treasury board, because I know of disputes which have arisen between treasury board and others as to what they should be. I am, however, not in a position to say what they were in respect of the two judges to whom the hon. member has referred.

Mr. JOHNSTON: I should not like the committee to get the impression that no allowances are being paid to judges' wives. I do not know whether this is the proper occasion to discuss the matter, but I must point out that in the auditor general's report for 1945, at page 41, near the back of the book—

The CHAIRMAN: Order.

Mr. JOHNSTON: —there is reference to two judges' wives receiving allowances in substantial amounts.

The CHAIRMAN: Does the estimate to which the hon. member is referring come under the Department of Justice? If not, it would not be in order.

Mr. JOHNSTON: If the minister will tell me what item it comes under I shall leave it to that item?

Mr. ST. LAURENT: The minister cannot tell the hon. member what item it comes under, because it is not in his department at all.

Mr. JOHNSTON: But they certainly paid the judges' wives, and that is what we are discussing now.

The CHAIRMAN: Order; at present the committee is discussing estimates for the Department of Justice. The estimates of any other department cannot be discussed at this time.

Mr. DIEFENBAKER: We might as well face the issue, so far as commissions are concerned. I have in mind in my own province two judges who served on royal commissions, one of whom received over $40,000 in a period of eight years.

Mr. SINCLAIR (Vancouver North): How long?

Mr. DIEFENBAKER: Eight years. The other received $26,000 in three or four years. I am sure, having regard to statements made by the minister on previous occasions, that he agrees that a judge's place is on the bench and that no measures should be taken which would enable judges to angle for preferment by securing commissions; because it places the judiciary in a position where, whether they are susceptible or not, they find themselves subject to the suspicion of being susceptible to influence in order to secure appointments on commissions. Appointment of judges to royal commissions is undermining our judiciary, because it places judges who are presumed to be removed from any influence whatever, in a position where, in order to secure preferment, the suspicion arises that political considerations are not always forgotten. For this reason the matter is of first importance, to assure the inviolability of the bench, which cannot be inviolable when judges find themselves in a position where from time to time they receive appointments which pay large amounts in addition to the salaries they receive as judges.

Mr. NICHOLSON: Were the amounts the hon. member for Lake Centre has mentioned paid in addition to the salaries these judges received?

Mr. DIEFENBAKER: Absolutely.

Mr. ST. LAURENT: I can say to the hon. member that I know of no case where large amounts have been paid to judges acting on royal commissions. I know that on several occasions I have been asked to communicate with judges for the purpose of having them assume these special duties, and I have had to ask them to do it as a public service as something that was required to be done. I do not at all agree with the suggestion of the hon. member that there has been any angling for any one of these jobs. I will not say that I have communicated with every one who has been on these commissions, but every time that I have had anything to do with the appointment of a judge to one of these commissions I have found it difficult to convince him that he should perform this public service. I remember, not because it was something that came before me in the Department of Justice, but because it was something that came before me in connection with an allowance made to a judge who came here as chairman of the war labour board, that he would not have come if there had not been an expense allowance sufficient to enable him to bring his wife with him. There was a lot of discussion over the fixing of the amount.

[Mr. J. Sinclair.]

Mr. KNOWLES: That was ruled out because it was under the Department of Labour.

Mr. ST. LAURENT: I heard of this as a member of the treasury board. I think the hon. member for Lake Centre is doing a disservice to the judicial body of Canada by his suggestion that there are judges angling for appointments on these commissions. That is not my experience, and I have been here now for almost five years. Whenever it has been necessary to get a judge to act on these commissions, I had to ask him to do it as a public service and frequently as a war service. While engaged on such services, judges have frequently come to me asking if I did not think they had done their share and asking to be relieved. I can assure the hon. member that the judges do not like to do that work.

Mr. DIEFENBAKER: On royal commissions?

Mr. ST. LAURENT: That has been my experience.

Mr. JOHNSTON: One got $8,000 extra and another $6,000 extra.

Mr. MITCHELL: Let us get the record straight. Take my own department.

Mr. JOHNSTON: If we are going to discuss the Department of Labour, Mr. Chairman, I want to discuss the matter I raised a few moments ago.

The CHAIRMAN: Order. The minister has not had an opportunity yet to let the committee know what he is going to talk about, so that I cannot rule him out of order.

Mr. MITCHELL: I had not intended to say anything on this question, because I am busy at the moment on what some members would call a week's work and which I am trying to do in half an hour. A great deal has been said by the hon. member for Lake Centre about the judiciary. When I was a young man in the labour movement in Hamilton judges were appointed, in the majority of cases, under the Industrial Disputes Investigation Act, to act as chairmen of conciliation boards. My mind goes back to Judge Snyder, who was always very fair and who the labour people of Hamilton always thought would render a fair decision.

Then, during the war it was customary to have judges act as chairmen of the mobilization boards. Again, we have had judges acting as chairmen of the national war labour board and the national labour relations board, and let me say that it takes some courage for a man to assume responsibility as chairman of such a board as the national war

labour board. It is the easiest thing in the world for hon. members to rise in their places in the house and criticize when they have no responsibility. But I want to say to hon. gentlemen that the judges who have assumed these obligations under my department have rendered a service to the whole nation during the war period and in the post-war period too, for which they should be highly commended.

The hon. member for Lake Centre has introduced the political angle and talked about political preferment. I recollect asking Mr. Justice McTague to be chairman of the national war labour board, and he made an excellent chairman. When he had to retire because of pressure of the duties involved in such a responsible position, I asked Mr. Justice Archibald to assume the chairmanship of that board.

Mr. JOHNSTON: On a point of order, Mr. Chairman, are we discussing Judge Archibald now?

The CHAIRMAN: There has been a general discussion to-night on the position of judges, and the Minister of Labour is discussing the general question of the services which have been rendered to our country by judges.

Mr. MITCHELL: I am speaking of my experience in my own particular field. It is difficult to get someone who is impartial to act in a labour dispute, but I am glad to say that the judges who have served as chairmen have been looked upon with high regard by both the labour men and the employers in this country. Take for instance, the dispute in inland shipping. Where, outside the judiciary, could you have got somebody to act as commissioner who would not be accused of being partial? Or take the great services rendered by Mr. Chief Justice Sloan in the dispute in British Columbia. I ask hon. gentlemen opposite to rise in their places and suggest somebody else in British Columbia who would have undertaken that difficult assignment. So I go right down the line in the regional war labour boards, and I ask them to suggest to me somebody who would undertake those difficult assignments.

Mr. McIVOR: And handle them.

Mr. MITCHELL: Yes, and handle them the way they have done.

The hon. member for Lake Centre spoke this afternoon about salaries of judges. He said that it took some courage to say what he was saying about their salaries. With due deference to my hon. friend, it takes no courage at all to be just. and I think the time for the increase of the salaries of the judiciary of this country is long past and gone.

Mr. SMITH (Calgary West): It is not gone.

Mr. MITCHELL: It is gone up to the moment. I think it is an obligation on members of the House of Commons to see that that situation is rectified before this parliament prorogues.

Mr. FULTON: Yes, but not by appointing them to royal commissions.

Mr. MITCHELL: If my hon. friend ever gets any responsibility in this country, and he is looking for someone with courage, he will go to just the same place as I have had to go, and that is to the judiciary. I hope that before parliament prorogues, we, irrespective of party, will see to it that the men who honour the bench in this country, and honour this country, receive the salaries to which, in my judgment, they are justly entitled.

Mr. JOHNSON: And old age pensions, too.

Mr. MITCHELL: I thought my hon. friend would get down in the gutter again.

Mr. JOHNSTON: On a point of order, I ask that the minister withdraw that remark. Surely he would not imply that the old age pensioners are down in the gutter.

Mr. MITCHELL: All right.

Mr. JOHNSTON: I insist that he withdraw the remark.

Mr. MACKENZIE: He did not say that.

The CHAIRMAN: The hon. member for Bow River has requested a withdrawal.

Mr. MITCHELL: I have withdrawn it.

Some hon. MEMBERS: Withdraw.

The CHAIRMAN: Order. If hon. members would not interrupt they would have heard the Minister of Labour say that he withdrew the statement.

Mr. MITCHELL: When my hon. friend talks about old age pensions he might bear in mind that I was advocating old age pensions before he ran for parliament. I want to tell my hon. friend that before he was ever heard of in this country—

Mr. NICHOLSON: You have not done much about it, though.

Mr. MITCHELL: Will my hon. friends be quiet for five minutes? I signed the agreement between the Hon. Howard Ferguson and the Hon. Peter Heenan which brought old age pensions into existence in Ontario.

Mr. NICHOLSON: For how much a month?

Mr. MACKENZIE: More than you ever gave them. It was given by a Liberal government.

Mr. MITCHELL: I do not think it is altogether fair to try to deflect the argument in this way. I was putting what I think is a sound, reasonable and just case for a group of men who have made a great contribution to this nation in war, and are making an equal contribution in the difficult reconversion period we are now passing through.

Mr. SMITH (Calgary West): I want to add my word. I do not quite know whose side I am on in this thing.

Mr. SINCLAIR (Vancouver North): You won't be against the judges, I suppose.

Mr. SMITH (Calgary West): The hon. member for Vancouver North is quite right. The only way I ever succeeded in law was by standing in with them.

Mr. MACKENZIE: By convincing them.

Mr. SMITH (Calgary West): In this way, I sent them a turkey but I sent it in the other fellow's name. That is the way to win a lawsuit. I am one of those who are anxious to agree with the Minister of Justice, and the Minister of Labour and his Charley who is sitting in front of him and making a speech for him a moment ago. I want, in so far as I may, to uphold their hands in most of the things which they have said. I know that the compliments of the Minister of Labour to our judiciary were quite sincere. I call to his attention, however, that in this house last fall I made a suggestion to him that what I thought was wrong with our capital and labour relations was the lack of the introduction of the rule of law into these differences, and my suggestion was that we should have a judge or judges of the supreme court in each province to whom either party might go on a voluntary appeal. My thought was that now, once conciliation fails, we have strikes and really the rules of the jungle are the only rules by which these things are determined. The strong man or the strong company waits until it is going broke before it capitulates; the labour men engaged in the strike wait until they get hungry. This is the simple situation with respect to these matters.

Now what has happened? Mr. Justice Richards settled an incipient packers' strike all across Canada; meetings were held in Winnipeg and Toronto. I commend the minister for his appointment in connection with the seamen's matter, because both on the Pacific coast and in the interior of the country the appointee has done some amazingly good work. Then take the Ford situation, regarding which we were all so concerned last fall. Who settled that? A judge of the Supreme Court of Canada, Mr. Justice Ivan Rand. Then, from my own province, Mr. Justice O'Connor has been called in and has done some excellent work in that way. Now Chief Justice Gordon Sloan, a young man who, as someone so well said, has made two studies in that province, one, of the coal mining interests and areas, and second, with respect to the whole logging and lumbering business, has finally brought, as the minister said, a peaceful conclusion to the strike out there. In all these things no one gains; the strikers lose their pay; the operator loses his business, and the public fail to receive the commodities produced by the combination of capital and labour in these businesses. So I repeat, with the liberty which the Chairman generously granted a moment ago, because this discussion grew out of the question of judges' salaries, that every major labour dispute during the time we have been sitting here, and since we left here last fall, has been settled by these trained, impartial men, these men of integrity. Therefore, why should we not legalize the position and thus prevent strikes, and then we would not be so concerned with settling them?

Item agreed to.

105. Combines investigation branch, $67,430.

Mr. JAENICKE: There is one condition which I should like to bring to the attention of the committee and of the Minister of Justice in connection with combines and cartels. My story concerns Canadian Industries Limited. I do not think I need tell the committee much about this firm, because in the report, "Canada and International Cartels", which I believe was tabled last fall, the company is very well described. There is no question that, according to this report and to other facts which we know, this company has monopolies in the manufacture and sale of many commodities in Canada. One of these commodities in which the company has a monopoly is ammunition; that is, ammunition for civilian use, or what is usually called sporting ammunition. There is in Winnipeg a wholesale firm known as Merchants Consolidated Limited with a subsidiary called Falcon Hardware. This company, I may say, is owned by individual retail merchants throughout western Canada. These individual retail merchants are shareholders of these companies. Last fall this bona fide wholesale firm tried to buy ammunition from C.I.L. Although they were selling to other customers, however, they refused to sell to Merchants Consolidated

and its subsidiary, Falcon Hardware. The company, or someone on their behalf, took the matter up with someone in Ottawa, with the result that, finally, last January, the company agreed to sell sporting ammunition to this concern. In order to make the situation clear, I shall read part of a letter which Merchants Consolidated wrote to their shareholders at the beginning of the year:

On January 26 we received a letter from the sales manager of the "dominion" ammunition division of Canadian Industries Limited, in which he stated that his company was now in a position to discuss the matter with us.

Later, this official wrote to state that he would call upon us either on the following Thursday or Friday. On Friday, February 8, he and his assistant called upon us and presented a letter addressed to this company under date of February 4, in which Canadian Industries Limited agreed to sell to the company on the basis of their "A" list, copy of which they attached to their letter. They stated that this list would be subject to discount of two and a half per cent on carload orders. They also set forth the quantity of ammunition they would be in a position to supply to us in the year 1946.

The prices on the "A" list are five per cent higher than the regular list applying to wholesale buyers. In other words, we are expected to pay five per cent more for ammunition than our competitors.

When I first was apprised of these facts I thought the company, that is C.I.L., was guilty of an infraction of section 498 (a) of the criminal code. However, there is a saving clause, so to speak, at the end of the paragraph, and discrimination must exist in respect of the sale of goods of like quality and quantity. I had heard that C.I.L. had claimed that this company was not buying in the same quantities as their other customers or some of their other customers, and I therefore made inquiries of the company as to their trade and their capacity to accept goods from C.I.L. I quote a part of their letter which I received last April:

We note that you state that C.I.L. maintain that they cannot sell to us at the same price as they do to the two larger wholesale hardware houses in this city,—

That is, Winnipeg.

—because they sell to these people in larger quantities than they would sell to us. We do not think this is a good argument. We are ready to concede that possibly at the present time these people are in a position to buy somewhat larger quantities than we are, but nevertheless we are prepared to buy, from C.I.L., ammunition in proper jobbing quantities. Also they will have on their books many accounts that will not buy any more than we buy and, in all probability, considerably less.

Further, it must be borne in mind that any figures that C.I.L. will quote as to the purchases of either of the two Winnipeg houses would include their western branches, which, obviously, is not a fair comparison.

At the present time, with the shortage of supplies, C.I.L. are not in a position, as their representative informed the writer, to ship in carload quantities to any one buyer. They have to incorporate orders for two or more buyers in a carload. Further, even in times of normal production, they make up what are known in the trade as "pool cars" to the various distributing points of western Canada. It is true that wholesalers may bring in, in the fall of the year, in times of normal production, straight cars for themselves.

In addition to all this, this company and Falcon Hardware Limited are buying from C.I.L., in every other branch of their business, the goods we handle, and never at any time has there been any suggestion made that our volume did not comfortably come within the quantities usually purchased by wholesalers.

I am further informed that they sell these other goods to Merchants Consolidated Limited at the same price as they sell to the other competitors of this wholesale firm, which proves to me that in cases where they have monopoly, such as ammunition, they discriminate against this firm.

I personally believe that, on the basis of these facts, C.I.L. committed an offence under section 498 (a) of the criminal code. I am glad to see that the former section 20 in the Dominion Trades and Industry Commission Act will be transferred, under the new amendment to the Combines Investigation Act, to the combines investigation commission. The question I have to ask of the minister is this: Has he been informed of these conditions which I have explained, or has the commission informed him of this complaint, which has no doubt been made, and is any action being taken?

While I am on my feet I should like to mention another matter that occurred to me a few weeks ago, and possibly other members may have some views in this regard. There was a news dispatch to the effect that in the United States the International Nickel company of that country was being prosecuted by the Department of Justice for an infraction of the anti-trust laws of the United States, and according to this newspaper report the Canadian International Nickel company seemed to be very much involved. The question in connection with this matter, which I would ask the Minister of Justice, is: Is he aware of the prosecution being conducted in the United States, possibly involving the Canadian company, and has he made arrangements for a watching brief in those proceedings so that we may be informed of any of the facts that might be disclosed in that court?

Mr. FULTON: May I associate myself with the hon. member for Kindersley in his last question. I have here the *Northern Miner*, and it would appear that the company involved

is the International Nickel Company of Canada. I would add that to what the hon. member has said. It is the Canadian branch which apparently is involved in the proceedings in the United States. According to information appearing in the press, the president, the vice-president and the executive vice-president of the International Nickel Company of Canada are being sued; and this company, through its president, has issued a statement apparently denying the charges and expressing confidence —to quote from the *Northern Miner*—that "upon our record the United States courts will not sustain the Department of Justice." It appears, therefore, that the company will dispute the case. I would ask the minister whether he has any information with respect to this prosecution, which appears to involve the Canadian company, and, further, if he could as a matter of information tell the committee something of the work of the combines investigation branch. What I am particularly anxious to know is whether they set out to ascertain for themselves unfair trade practices and to uncover abuses, or whether they exist merely to investigate cases which have been reported to them.

Mr. ST. LAURENT: This matter of the dispute between the C.I.L. and the Falcon Hardware company is still under investigation. Here is a case which may or may not, according to the facts disclosed by the investigation, fall under section 498 (a) of the code.

With respect to the case in the United States, the Department of Justice has not appointed counsel to hold a watching brief.

With respect to the third question, there is before parliament a bill which has already received its first reading and is due for second reading as soon as it can be reached, which will authorize the commissioner to make investigations whenever he has reason to believe that a combine or a monopoly exists or is being formed. The formal investigations are made upon complaints filed with the department. I think the hon. member and I are in agreement on the fact that it is probably better to prevent than to attempt to cure. It is hoped that the activities of the commissioner will be helpful, not only to the purchasing public but also to the trade, in pointing out to them in advance what things would amount to offences. Most people wish to avoid committing offences, and if they are informed and shown that there are certain things which they cannot do without falling foul of the law they are apt to refrain from doing them. It is hoped that there will be a spirit of cooperation; that is the line which is being followed at the present time; and unless and until the commission gets the amendments which are proposed in this bill which is now before parliament, its activities are hampered.

Mr. FULTON: Can the minister tell us for information purposes whether he has any knowledge of the charges against the International Nickel company, and what is involved in the case?

Mr. ST. LAURENT: No; the department has no information in that respect at the present time.

Mr. KNOWLES: Because of the international implications in this matter, should we be questioning some other department? The minister said that his department knows nothing about it. Does that mean the government is not concerned in the matter?

Mr. ST. LAURENT: I am not sure whether the Department of External Affairs has received any information or not. It is not necessarily an international matter when a citizen of one country is prosecuted for violating the laws of another country. On more than one occasion we have instituted proceedings against United States citizens without its becoming an international question. There have been quite a number of proceedings instituted against dealers in securities, for instance, with the allegation that they have violated the laws of another country, and it does not necessarily bring about exchanges between the state department and our Department of External Affairs.

Mr. KNOWLES: Has the fact that a United States department expressed concern about this company prompted the combines investigation branch or the minister's department to look into the same situation? Has what has happened in the United States prompted the investigation branch to make some inquiries of its own?

Mr. ST. LAURENT: I shall have to ascertain whether the commissioner has yet started any inquiry in that connection. During the war period the activities of the commissioner were very much curtailed. As a matter of fact he was acting as an enforcement officer of many of the war-time regulations, because there was no opportunity for harmful effects from combines or monopolies while controls were being exercised by the wartime prices and trade board and by the administrators acting under the Minister of Munitions and Supply. But when these controls are removed there will be opportunity for combinations which may be harmful to the public. It is for that reason that the machinery of the com-

mission is being put into shape to deal with the situation, and I am sure that the commissioner would secure all the information available about any Canadian concern which was charged elsewhere with constituting a combine or a monopoly.

Mr. KNOWLES: Perhaps the minister will have all the information to answer the questions we have in mind when we reach the bill amending the Combines Investigation Act and will be able to deal more fully with them.

Mr. ST. LAURENT: Yes.

Mr. GREEN: There is one matter which concerns me in connection with this vote. I take it that this is the total vote for the combines investigation branch?

Mr. ST. LAURENT: It is the total vote in the estimates, but there will have to be a vote in the supplementary estimates, because within the last three or four days I signed a recommendation to the treasury board for a supplementary estimate.

Mr. GREEN: I think that will be necessary because, as the minister knows, this vote for $67,430 is only $6,430 greater than the vote for last year, and the difference is not made up by any increase in staff but by promoting one official and then the difference in printing, stationery, sundries, telephones, telegrams, postage and travelling expenses.

I believe that the people of the country are much concerned about the activities of cartels and combines. As hon. members know, we had a report just a few months ago submitted by Mr. F. A. McGregor, who is the commissioner under the Combines Investigation Act. The report is entitled: "Canada and International Cartels", and is described as "An inquiry into the nature and effects of international cartels and other trade combinations." Among his recommendations I find the following on page 67:

> It is recommended that there be more adequate provision for the initiation of inquiries by the combines investigation commission into restraints of trade and unfair trade practices.

Then Mr. McGregor goes on to point out that:

> In the administration of the Combines Investigation Act in the future it will be necessary to engage to a greater extent than in the past in activities which will serve to prevent—the development—

And apparently he emphasizes those last two words:

> —the development of undue restraints of trade as well as to take prompt action to prevent the continuation of such abuses. The successful development of preventive activities will require that necessary inquiries be initiated by the commission without depending solely on the filing of statutory applications by the public, which ordinarily are not received until after the effects of a restrictive trade arrangement have become widespread.

He goes on to say:

> It is recommended that steps be taken to build up an effective organization under the Combines Investigation Act to maintain much more comprehensive scrutiny of restrictive practices and developments than has heretofore been attempted.

Then he says:

> To do this it will be necessary to recruit and train an adequate staff and to provide appropriations sufficient to enable the organization to function effectively. Such an organization should have the responsibility of securing at all times as full information as possible with respect to domestic—

Then he adds:

> —and international trade combinations and monopolies and their effects on the producers and consumers of Canada.

It seems fairly obvious that if this commission is to carry out these increased activities a more effective machine will have to be set up. I would ask the minister to tell the committee whether or not it is the intention to implement the recommendation of the commissioner in this report on cartels and combines. As I said a few moments ago, the Canadian people are very much concerned about cartels and combines, and I think will be solidly behind whatever action may be necessary to curb their illegal and unfair activities. Apparently most of that work will have to be done by the combines investigation branch, so that obviously there must be some further vote than we have before us at present; otherwise nothing more can be done than has been done in the past.

Mr. ST. LAURENT: It is the intention of the government to recommend to parliament substantial implementing of the recommendations of this report; and bill No. 193 has been designed for that purpose. If parliament adopts that bill the supplementary estimates will contain the financial provision necessary to put the commissioner in a position to carry out the programme outlined in the report.

Mr. GREEN: Could the minister tell us in what way the organization is to be strengthened?

Mr. ST. LAURENT: At this time I would not care to speak without having before me the detailed programme I had a few days ago when I made the recommendation to treasury board for inclusion of the amount required in the supplementary estimates. At that time I had before me a schedule of the

set-up proposed by the commissioner, with the extension of the cost of carrying out that programme, and it went before treasury board in order to have the necessary amount included in the supplementary estimates. It is the kind of set-up the commissioner felt would be required substantially to implement the programme set out in his report.

Mr. GREEN: That should meet the case, then.

Item agreed to.

Penitentiaries branch—
106. Branch administration, $133,499.

Mr. BRYCE: Coming from a constituency in which we have one of the largest penitentiaries, I have some matters I wish to bring before the Minister of Justice. I should like to urge once more that the warders and guards employed in the prisons should have at least a 44-hour week. Recently we have had quite a lot of people wanting a 40-hour week. This is a government institution, and surely we should not begrudge these men a 44-hour week. If, because of sickness or for any other reason, they have to work longer than that, such extra time should be allowed as overtime; or if that is against the regulations of the department, they should at least have time off equal to the extra time they put in. In case of sickness they may have to work a great many hours extra, so that I should like the minister to look into this matter and see if it is not possible to grant the penitentiary employees a 44-hour week.

On previous occasions I have appealed to the government in regard to the wages paid these men. I think they should receive more money because, if you want good men there, who will rehabilitate those who have gone wrong, you need a fine type of citizen, and with the wages you are paying to-day you will not get men of that type. The wages are not sufficient to attract men coming out of the armed forces. I refer to the report of the royal commission on the penal system of Canada, in which the commissioners had this to say:

> It is also imperative that the pay of officers should be raised to a standard somewhat comparable to the rates prevailing in other similar services. It is hopeless to expect to get competent penitentiary officers at salaries that are considerably less than the wages paid to street cleaners in the large cities of Canada.

If there is anything we need to improve it is our penitentiaries, and that improvement can only be brought about by employing the best men available. So that I would ask the minister to take this into consideration.

Then I would suggest that when vacancies occur in the penitentiary service they be advertised in all penitentiaries, so that men possessing the necessary qualifications may move from one part of the country to the other. This would mean more rapid promotion for good men and, I think, would be a step in the right direction. I also find that in this department as in others, when a man reaches the age of retirement and is entitled to three or six months' leave, another man cannot be employed until that leave is up. If you had a good man doing a good job before his service was completed, then you lose the benefit of that good work until he is replaced, and it means extra work for the remainder of the staff. I believe the civil service commission should make some recommendations to overcome that situation. In other departments you find that, when a man retires, somebody is ready to fill his place, and it should not be necessary to wait for six months before that is done.

Another matter I should like to mention is that the department is still working under the quota system, which means that a penitentiary where there is a small number of convicts is likely to be understaffed. I regard a penitentiary as something like the *Queen Mary* or the *Queen Elizabeth*. You would never think of sending either of these boats to sea without a full, adequate crew, but some penitentiaries in this country are being conducted with less than a full crew because the number of prisoners does not come up to the quota. I believe that should be changed, and the quota system should be abolished. Certain posts in a penitentiary have to be manned adequately at all times, and if you run short of crew you will run into difficulties right away; somebody is going to be neglected or someone is going to have too much to do.

I drew the minister's attention last year to the terrible housing conditions at Stony Mountain. They are disgraceful. The royal commission which investigated the penal system of Canada in 1936 said this:

> Accommodation for the staff is inadequate. It is unreasonable and unnecessarily humiliating to ask members of the staff to live under conditions which now exist in officers' tenements belonging to the institution. These houses were built fifty years ago. They are without sanitary conveniences, and prisoners themselves are much more comfortably housed in their cells than officers in the penitentiary tenements.
>
> Your commissioners are of the opinion that this state of affairs is destructive of the morale of the officers and that immediate steps should be taken to provide the staff and their families with respectable accommodation. In a large metropolitan centre the homes which are provided for the staff would, indeed, be condemned by the medical authorities.

When I drew that to the attention of the minister before, he told me they were going to build fifteen houses. I should like to know if they have reached a point of going on with the building of those houses, because the present condition is a disgrace.

I am appealing to the minister to institute a bus service between Winnipeg and the penitentiary, so that these men may live in decent homes. I know that all of them cannot be taken away; but some can be left there, and some permitted to go to Winnipeg, because it is a disgrace to ask people to live in homes like that.

What progress has been made with the new dairy herd established at Stony Mountain? How many animals are there? I draw the minister's attention to the fact that it will be only fair to the staffs of all penitentiaries in Canada to have all vacancies advertised in every prison.

Mr. ST. LAURENT: Since the hon. member for Broadview is in his seat I should like to deal with two or three of the points he raised at the opening of the debate on these estimates. The matter of the consolidation of the criminal code is being dealt with progressively by an important committee of the Canadian Bar Association, on which the attorneys general of all the provinces are represented and which, without cost to the federal treasury, is doing work which will be of considerable value to the Canadian public.

I understood the hon. member to say that when he commenced practice there were three county court judges in Toronto. I believe there are nine to-day functioning under His Honour Judge Parker. The county and district court judges are required by the constitution to be members of the bar; so that if there are any gentlemen administering justice who are not members of the bar they must be magistrates appointed by some other authority, because the British North America Act in sections 96 and 97 expressly requires that the judges of the county and district courts, as well as those of the superior court, shall be members of the bar.

There was a suggestion that the federal government should reimburse to the municipalities costs of the administration of justice. That would involve a substantial change in the distribution of powers and responsibilities between federal and provincial governments. Proposals for the reallocation of some of the responsibilities between the two authorities were submitted to the dominion-provincial conference, but unfortunately it was not possible to get an agreement on the proposals. Until some reallocation is made, I am afraid we shall have to leave it to the provinces and municipalities to continue to bear the cost of performing services which under the constitution are their responsibility.

In bill No. 13, standing in the name of the hon. member, which he permitted to stand pending consideration of the estimates, suggestions are contained which would not be within the constitutional jurisdiction of this parliament. Parliament cannot say what laws will bind judges who preside over courts. It has no right to say that those judges will respect judgments rendered by higher courts, except in criminal matters. But in all other matters the administration of justice is presided over by judges appointed by the federal authority. This parliament has, however, no right to say to them what judgments they will render, and by what authority they will feel they are bound.

The other bill standing in the name of the hon. member deals with responsibility for motorcar accidents. It was discussed when the hon. member was not in his seat, but I believe all hon. members appreciate the motives which prompted his making the suggestions contained therein. However, I believe there are some principles underlying the suggested changes which it would be dangerous to adopt. I do not believe it has been a principle in the criminal code that guilt will be presumed, or even that there would be guilt without the element of intent for which the code now provides. I should hope that with the provision of better vehicles—which will become possible as soon as they are available—for those large numbers who are anxious to get them, there will not be on the highways the kind of vehicles which were used during the war years, and that that will be one substantial means of diminishing the number of accidents occurring on the highways.

I do not think we can prevent accidents by having severe legislation in the criminal code, and I believe that on reconsideration the hon. member would not want the presumption of guilt, which his suggested changes contain, to become part of the administration of our penal law. The matter is one of concern to all of us. It is receiving consideration, and will be dealt with if it is felt that there will be time at this session of parliament to give it the consideration it deserves.

As to the suggestions made by the hon. member for Selkirk, he knows that a commissioner of penitentiaries has been appointed. I have read more than once the report of the Archambault commission. There is very much that is good in it. There are certainly some

assertions in it that are exaggerated. I have not had time myself to verify all the conditions described in that report, and it is because I did not have the time to do so myself that I wished to have a commissioner who would go about and see just exactly what the conditions are.

The hon. member says that there are houses at Stony Mountain that are fifty years old. I was born in a wooden house that was more than fifty years old when I was born, and whenever I have an opportunity to go back to it I find great comfort in it yet. So that age alone is not sufficient to condemn a house. I said to the hon. member that there was a project for the construction of fifteen additional houses for the Stony Mountain penitentiary; but the hon. member knows that those who are living in the houses there, if they vacated them, would soon be replaced by others who have no houses at all. There is quite a serious housing shortage all over the country; and for the purposes of this year's budget every department was told to keep its construction down to the very minimum because the government did not want to be charged with taking material for its purposes when material was required so urgently for those who have no houses at all, and for whom provision has to be made first.

The money is available for the construction, but we are not prepared to regard as more urgent the requirements of ourselves and of our civil service than the requirements of the rest of the population, especially of the returning veterans. That puts upon the replacing of those houses a time limit which is not within our control.

The hon. member asks, are we any nearer toward the completion than we were last December or November when the estimates were being considered last year? I hope we are. I hope we are getting nearer every day to a situation where building material will be easier and where some construction can be provided. We are certainly much nearer to it than we were a week ago when the forest operations in British Columbia were interrupted by the strike. If we can all of us get to work and keep at work and not do foolish things we shall get to an easier position much more quickly than if we continue to do some of the foolish things we have been doing during the last several months, and I hope we all realize that. We all have the same interest—labour and management, and management and labour—and I hope we shall all take the view of the commissioner, I think he was, in New Zealand who recommended to the people there that if we want to improve our conditions we must all get down and produce.

Mr. MacNICOL: That is the only way to do it.

Mr. ST. LAURENT: To that extent we shall get nearer the time when there will be the fifteeen houses built around Stony Mountain penitentiary. The hon. member suggests the establishment of a bus service. My information is that there is a public bus service from Winnipeg to Stonewall along a highway that is within a couple of hundred yards of the administration building of the penitentiary. I have not been there myself. I have not been anywhere else since I came to Ottawa four and a half years ago. But recently a commissioner has been appointed who is going all around to see the situation for himself, and who was recommended to me as one who is practical in such matters, on whose reports I could rely, and who would have the tact to try to harmonize and coordinate the good will of all these organizations to which the hon. member for Davenport has referred with respect to prison after-care. That is a matter that is not within our jurisdiction. It is not to pass the buck that I say that. It is something which is deserving of the best efforts of all jurisdictions concerned.

One of the qualities that I was looking for in the appointee to the penitentiary commission was the fact that would make it possible for him to interview the authorities of the provinces and of the municipalities and try to promote coordination and cooperation between us. My experience has been that we make much more progress by conferences between officials than we do when members of the various governments are called together in conference. The extent to which there is in fact cooperation between the officers of the provincial governments and the officers of the federal government is much greater than what we were able to accomplish in the conferences that were held between the premiers of the provinces and the representatives of the dominion government. I think, after the commissioner of penitentiaries has had an opportunity of visiting not only the penitentiaries which are under our jurisdiction but the prisons which are under provincial jurisdiction, and seeing the men who are in charge of those institutions and discussing with them what can be done to improve the situation, we are apt to get better results than we got when the premiers of the provincial governments and the representatives of the federal government got together to discuss amendments to the constitution and transfers of jurisdictions and responsibilities.

Mr. BRYCE: In reply to the minister, I should like to tell him that about sixty years ago I was born in a little house among the heather that had very poor conveniences, and I do not want to go back and live under the same conditions again. I do not want anybody else to live under those conditions. The conditions that were good enough fifty years ago are not good enough to-day.

Mr. ST. LAURENT: I am not saying that the house I was born in fifty years ago is in exactly the same condition to-day as it was then, and these houses around Stony Mountain penitentiary have been maintained and improved. I am not saying that they should not be replaced by something better as soon as it will be possible to get the materials to do so without taking that material away from those who need it to build homes for themselves. But the fact that a house is fifty years old does not in itself condemn it.

Mr. BRYCE: I agree with the minister to a certain extent, that an old house may be good. But if you want the best people to serve in Stony Mountain penitentiary you will not get them if they have to live in a house with no sanitary conveniences. You want the best people. The best people want something better than an outdoor toilet. The houses are fifty years old. I am ahead of the minister because I have been around there many times; I live not very far from there.

An hon. MEMBER: Careful.

Mr. BRYCE: Having reached the age of sixty years without going in, I think I can keep out during the rest of my life.

I should like the minister just to touch on the matter of the hours of work. They are working there for less wages than they should be working for, and longer hours than they should be working.

Mr. ST. LAURENT: I am not prepared to admit that they are working more hours than they should work, or for less than they should be getting. I am prepared to admit that they are working forty-eight hours a week and that there is a feeling that men should not work forty-eight hours a week. I am not yet convinced that that is absolutely true, you know; but I am convinced that it will be necessary to have conditions there comparable with what conditions are elsewhere; and it was for the purpose of getting accurate, up-to-date information as to what should be done that the amendment to the Penitentiaries Act was made last year and that one penitentiary commissioner has been appointed. The fact of the matter is that whenever labour is at all "easy" we get a large number of applications for these penitentiary jobs. We do not always get them from the kind of people who should have the jobs. I agree with the hon. member that we should have improvement in our custodial staffs. It is something toward which we are working; and, from the reports I get about him, I have great confidence in the gentleman who has become the penitentiary commissioner, and who has already visited two of these institutions and made a thorough and careful investigation of the situation, who is proceeding to visit the others, and who will be able to make recommendations which can be implemented. When I had my conversation with him about the nature of his duties I told him that we wanted someone who would help us make in our penal system all the improvements that one could recommend to practical men as being things to be realized. I think we shall get somewhere; we have started in the right direction and we shall get results. But we shall not get at once a Borstal system controlled by a federal department, because that is something which would affect the whole of our penal institutions, and this government has control only of the penitentiaries, whilst there are certainly more than fifteen times as many institutions which are under provincial control. We have no actual jurisdiction over post-prison work. We have jurisdiction over these convicts while they are in the penitentiary, but as soon as they get out they are no longer within our jurisdiction. That does not mean that we should not take any interest in what happens; and it does not mean that we should not, with the Department of National Health and Welfare, endeavour to cooperate with the provinces and bring about, for instance, an application of the knowledge which has been acquired about mental hygiene. But that is not something which this house can deal with as its concern. We can be helpful, and we can endeavour to get the help of others, but we have not the jurisdiction to determine what is to be done in Canada about the matter. It is for that reason that I wanted someone who was recommended to me, who took all the "bugs" out of the military plans that were being prepared and had them workable before there were attempts made to implement them. I think that with that kind of advice we shall make real progress.

Mr. BRYCE: One further remark and I have finished. I am pleased that the minister has his commissioner appointed, and I hope I shall have the privilege of meeting him at Stony Mountain. I know that what I have said here to-night is true in every sense of the word, because I have visited this insti-

tution. The minister's deputy or assistant who spoke about going to Stonewall may not know that Stonewall is away in the other direction as far as the bus is concerned. The present government of Manitoba supplies a gaol bus and runs the warders to and from the provincial goal. The dominion government has far more money than the province; it should be able to do that too, until such time as material is available from the minister to build these new houses.

Mr. CHURCH: It is one of the cardinal principles of magna charta that the people shall take a large share in the administration of criminal justice. These institutions, whether rightly or wrongly managed, are managed by crown officers. I appreciate the difficulties which the minister and the officials of his department have in this connection, because, as the late Right Hon. Ernest Lapointe remarked, it is a work that does not bring much satisfaction; there is no occupation more open to criticism than that of those in charge, working all the time honestly, satisfying nobody.

There has been a marked increase in the criminal population. As members of the committee know, after every great war there is a great deal of trouble in dealing with this problem. Wars and rumours of wars and similar disturbances bring about a large increase in crime. The population of these penal institutions rose from 1,689 in 1919 to 3,803 at the last record, about the beginning of the war, and it is still going up by leaps and bounds.

There is an important public policy connected with this matter; so much so, that I wish to refer a few moments to-night to the inspection of these institutions. There is an act which relates to this matter; but the board of visitors, also the House of Commons and the Senate, might just as well be eliminated in this regard, because the method of inspection is a dead letter. Those confined in these institutions are forgotten. The public pay little or no attention to this problem.

I was chairman for seven years of a large police commission, and years ago, with Doctor Hastings, then the health officer, I visited one of the institutions in my own constituency of Broadview, the Toronto gaol. It was built not long after confederation. Doctor Hastings, then the health officer, and I inspected it. Talk about any law of hygiene! Every known law of hygiene was violated. It is the same in all these institutions, federal, provincial and municipal, all over our province.

As I have said before, a federal prison commission was appointed in 1936. One of the commissioners, Mr. Harry Anderson, who did much for prison reform, died shortly after his appointment. Visits by these commissioners were paid to every country in the world, and they brought in a report. The failure of the government of the day to introduce in Canada the Borstal system, which had such salutary results in the mother country some thirty years ago, has been criticized by all the synods and presbyteries in the country, by churches of all denominations, who have unanimously asked for some action. They look to this parliament for action. As I have said, the inspection is not what it should be. I appreciate the services of many of our officers. From our city we have as chief inspector, General Gibson, at the present time in Ottawa, a military man of sound judgment and good executive ability. But in my opinion the grand juries should be allowed to go once a year into these institutions that are under federal control, as they are allowed to inspect provincial penal institutions. When I was head of the police department in that city the grand jury in Hamilton on one occasion found three or four insane men in a certain institution. It is most important, in my opinion, that provision be made for inspection once a year of federal institutions by grand juries, as the late Chief Justice Meredith stated in the fall session some years ago in addressing the grand jury.

We might as well admit that we have no inspection worthy of the name. These institutions are inspected only by crown officers, and we might well inscribe over the door of everyone of these institutions the words that are found in Dante: "All hope abandon ye who enter here". I have spoken to some of the officers about the work done in these institutions, and I can find no reason why the report was not carried into effect. The war was pleaded as an excuse. I think the members of this house should take more interest in this question.

In the city of Toronto, away back in 1912, we established a gaol farm on Yonge street, North York, when we were going to close up the Toronto gaol, which was then a relic of the middle ages. The laws of public hygiene are unknown in many of these institutions. There are good officers and good men conducting that particular institution in Toronto, but they cannot properly handle all the work they have to do with the antiquated machinery at their disposal. There is one institution in Ottawa but it is in a favoured position. One of the evening papers in this city stated last fall that the $300,000 that is to be handed out to Ottawa as a subvention will be used to secure a new gaol and a new court house.

I should like to give the minister some constructive suggestions. Shortly before this house was called together there were a number of riots across Canada in three institutions. The population in one of these institutions in Kingston and Collins Bay has increased considerably. A large number of military men have been brought back from Europe, some for minor offences, some for absence without leave and others for desertion, while there are thousands of others who have not yet been rounded up. I contend that under the present law they have no right to be housed in these institutions. They have been convicted of military offences, and the various wardens across Canada have no right under the present act to admit them. I suggest that they could bring action for damages in some cases in respect of such detention.

I wish to refer to another matter, and it is this. We are away behind the times in constitutional reform, in cabinet reform and in law reform. We have had no real law reform in this country. As a matter of fact, I have seen very little law reform since I was called to the bar a good many years ago. We are thirty years behind England. Little progress has been made in Canada in that direction in comparison with the mother country, where there is real reform. I suggest that one of the meanest acts ever passed was in connection with the imposition of "indeterminate sentences". In 1939 I introduced a bill dealing with this whole question. Provincial institutions could house convicted persons only for a year and three hundred and sixty-four days. That was the situation up to 1867 when these institutions were handed over to the government of Canada. I introduced my bill for the purpose of eliminating indeterminate sentences, which I contend are unfair. Indeterminate sentences were condemned severely by Mr. Justice Middleton, as will be found by reference to Ontario Law Reports of July, 1937, in the case of Rex versus Bond, at page 538. Why should a man be kept indefinitely in prison, without hope of liberty, when he expects that in consequence of good conduct he may obtain his freedom? The fact is, however, that, under the indeterminate sentence, someone may come forward and report some conviction which the man had against him at some time or another, and the result is that the parole board turns down his application. The learned judge criticized the system in severe terms, and since that time it was also criticized last year and the year before in the court of appeal of the province. He also referred to the Guelph institution. Various judges have condemned it in the strongest possible language and urged for a new institution for younger inmates.

All these law reports have been reported to the government, but nothing has been done about the matter. As I explained in introducing my bill in 1939, the Prisons and Reformatories Act gives the court jurisdiction to impose an indeterminate term in a reformatory. The bill proposes to substitute determinate for indeterminate sentences. The several expressions relating to "indeterminate sentence" are found in eighteen sections or subsections of the act, and the draftsman considers it inexpedient to amend each of such sections by a separate clause.

This bill would revert to the old law of sentences for a definite period only. The indeterminate legislation has definite period only. The indeterminate legislation has been condemned by many judges and magistrates as inhuman and illegal.

Canada's prisons at present are filled with youth, many first offenders, who have been unable to secure work. The lack of employment by cause and effect is one of the reasons for crime. Recently the appellate division of the supreme court of Ontario questioned the legality of such indeterminate legislation, since the provinces had only the right of providing confinement for one year and 364 days, and also condemned it on grounds of public policy. The law has not acted as a deterrent, nor is it reformative. It should be repealed, because in practice it confers on officials of these institutions the right to detain those who have not influence enough to have employment awaiting them at the end of a definite period, and gives to their decisions the force of statute law.

That state of affairs should not be tolerated and, as I have already stated, it was severely condemned. The government gave a list of inspectors three years ago. A great many of them have had a college education and all that kind of thing. In other words, they learn by experience; that is all. They know nothing about the work. Just fancy bringing in some outsider to become chief of a police force! At least they have to learn the business end of it. A representative from one of the large departmental stores came to see me some time ago. I said to him: "You cannot learn one department of your store in a day or two. How can you learn this business in a day?" This is one of the most important problems in the country. The report of the minister of March 31, 1945, shows that in the United States they have developed a programme of training young officers for this work, officers who have the

proper educational background. A great deal has been done in this regard. It is a most commendable thing. A few years ago the minister allowed the convicts to use the radio. That gave them some information from the outside world.

I believe that members of parliament should visit one or two of these institutions. A committee on legal law should be instituted in this house. They could make some visits and thereby strengthen the hands of the minister and his officers. I hope and trust that next year we shall not be pleading that the war prevented us from installing the Borstal system. As judges have pointed out, there is in Ontario no institution to which they can send an offender. I appreciate the good work that the minister and his officers have done, because he has a most difficult task. Anybody who has been a member of parliament for a few years must know that the hardest task in this house has been carried out by the Minister of Justice. He has given a great deal of time and thought to the matter, far more than any of us. I hope that something will be done, because I believe that this matter is one of the most important subjects with which we have to deal.

Mr. REID: I have one question to ask the minister and a suggestion to make as well. First of all, may I say that I was pleased this evening to hear him remark that many of the suggestions and recommendations of the commissions which were supported by certain hon. members to-night were exaggerated. I remember the visit of the commissioner to the Pacific coast, and I could use a stronger word than "exaggerated". Before the minister implements the recommendations made in the report, I woud suggest that he had better wait until he has a report from the new commissioner who has been appointed.

An hon. MEMBER: Appoint another royal commission.

Mr. REID: No; I am not in favour of that. Judge Archambault should never have been appointed to the job to which he was appointed. He knew little or nothing at all about penitentiaries. Many of the recommendations were ridiculous. I know whereof I speak. I do not care who appointed him; I am saying that as a member of parliament.

Mr. CASTLEDEN: He was not alone in it.

Mr. REID: He took charge of it. As a matter of fact he was the chairman of the commission and took an active part too. Perhaps I had better make my suggestion before I ask my question. As a member of parliament I consider it my duty to visit occasionally the penitentiary which is located in my city. Like other hon. members I take the trouble to visit it four times a year, and I visit it without giving any warning to the warden in charge. I usually visit in time to see the convicts fed. I taste the food and examine it, and I say to hon. members that I hope I never get worse food in the remaining years of my life than I saw there. I brought a menu along with me. I wonder how many members of parliament have seen the menu. I am going to make a suggestion with regard to the utensils which are used.

Mr. SMITH (Calgary West): Take the menu up to the parliamentary restaurant; they need one.

Mr. REID: I am glad the hon. member mentioned the parliamentary restaurant, because the food prepared in the New Westminster penitentiary is as good as any food one can get in the parliament buildings.

Mr. SMITH (Calgary West): It could not be worse.

Mr. REID: It is as good. I am not saying it is better, but it is just as good. Here is the menu. I shall read a sample of the food served. For example, on Wednesday, January 30, the following was served for breakfast:

Wheat hearts, milk, whole orange, toast, bread, marmalade, butter, coffee. Dinner: Fried eggs, hash brown potatoes, tomato, beans, steamed chocolate pudding, chocolate sauce, bread, tea. Supper: beef stew, hot biscuits, mashed potatoes, mixed vegetables, hot gingerbread, raisin sauce, bread, tea.

You can read all through the menus and you will find the same. This one was picked at random. I got this menu from the warden and brought it back with me because comments are often made on the kind of food which is served to men in penitentiaries. I looked at the utensils on which the food is placed. Most of us, when we go to a place to eat, look at the utensils, and if they look clean, and if the place is clean, we enjoy our food. The utensils are one of the first things we look at. The utensils they have in the penitentiary are not conducive to encouraging a man to enjoy his food. They are all lumped together, and a little piece of food on a big plate does not look very much. In my opinion, the utensils could be greatly improved to the advantage of the convicts.

I should like to ask the minister a question with regard to the penitentiary in New Westminster. For many years I have advocated that the penitentiary be removed from that city to a new site. Recommendations along

that line were made as far back as twenty-five years ago. The department has been asked to move it to a better location than the one in which it is at the present time. Now that the war is over, what is being done about the matter? Has it been dropped or forgotten? When I last brought up the question I was told that the war was on, and of course, the penitentiary could not be moved at that time because all our efforts were directed toward the winning of the war. I am asking the question now because this matter should not be dropped. The penitentiary should be located somewhere other than right in the city of New Westminster.

Mr. ST. LAURENT: The project of a new penitentiary for British Columbia is one of those which have been listed with the Department of Reconstruction, and will be proceeded with just as soon as public undertakings can be proceeded with. It may be some time before we can get to the point where it can be proceeded with. All the departments were requested to list with the Department of Reconstruction the things which they thought had to be done just as soon as it would be proper to proceed with public undertakings, and the penitentiary for British Columbia is one of those listed by the penitentiary department.

Mr. MATTHEWS (Kootenay East): May I suggest to the minister that we could not hear a word he said. We are as much interested in the information he gave as is the hon. member for New Westminster. I would ask the minister to repeat the information.

Mr. ST. LAURENT: I am sorry. The statement I made was that the departments were requested to list with the Department of Reconstruction the public buildings they felt they should proceed with just as soon as it would be proper to proceed with public undertakings, and a new penitentiary for British Columbia was listed by the penitentiary department with the Department of Reconstruction.

Mr. LENNARD: In connection with some remarks made by the minister about twenty minutes ago. I have before me a resolution passed unanimously by the chief constables association of Canada at London, Ontario, on August 24, 1945. It reads as follows:

Resolved that, in the opinion of the conference, there is a definite need for a policy to be formulated by the government of Canada in respect to the serious problem of the repeater criminal, whose activities are so largely responsible for crime in the dominion. We further suggest that a committee representative of all the provinces be appointed to interview the hon. Minister of Justice at Ottawa to urge amendments to the criminal code to meet this menace.

I understand that this resolution was presented by a delegation of this association some time last fall. Has any consideration been given to it, or has any progress been made?

Mr. ST. LAURENT: The recommendations with respect to the criminal code are among the various recommendations being considered.

Mr. LENNARD: These recommendations are among those?

Mr. ST. LAURENT: Yes, and will be dealt with in the manner I have already described. The matter of repeater criminals, as the hon. member will realize, is something that will have to be dealt with through cooperation between the federal and provincial authorities, and it is one of the aims I have set before the penitentiary commissioner. I hope it will not be very long before I may be able to report that progress is being made in bringing about that degree of cooperation which will be beneficial.

Mr. KNIGHT: I was pleased to hear the minister say a good word for his new commissioner. I believe he used the word "tactful"; he used the word "practical" and I hoped he might use the word "sympathetic," though I have no reason to believe that this adjective could not have been quite properly used also to describe the commissioner.

Perhaps some of our ideas in regard to the running of penal institutions in this country would be considered antiquated in other parts of the world. I should be interested to know from the minister the extent to which we have been appointing former military men to the top posts in penal institutions. I should like to register my opinion, for what it is worth, that the professional military type of mind should disqualify any man for the top position in any penitentiary. I say that with no desire to offend anyone. I do not believe, for instance, that the young men who volunteered to go overseas should be deprived of positions in our penitentiaries; but by the very nature of their inexperience and their youth they would not be taking these top positions to which I refer. I want to make myself perfectly clear on that. I am not saying that returned men should not take such junior positions. I think it has been well established that military discipline is not what is required in dealing with people in these institutions, where the emphasis should be upon correction; that is to say, upon correction from the point of view of reform of character, rather than mere maintenance of iron discipline. I think

I have noticed, as I expect other hon. members have, that sometimes those in charge of these institutions forget the object of them, forget the inmates and become buried in a mass of routine having to do with organization and administration, so that organization and administration become the thing and the inmates, whether of a school, a penal institution or what have you, are inclined to be forgotten. As far as I am concerned, the minister may consider this an appeal for the appointment of trained psychologists with great sympathy in their hearts for the unfortunate outcasts from society with whom they have to deal.

Mr. MATTHEWS (Kootenay East): To-night my mind goes back to the last session of parliament and to the day the Minister of Justice moved the second reading of bill No. 92, to amend the Penitentiaries Act of 1939. That was on Thursday, November 15, and the discussion appears at pages 2158 and following of *Hansard*. Lately I have been rereading those debates, in preparation for this review of the estimates of the department, and I find them very interesting indeed. The purpose of bill No. 92, as stated by the minister, was to empower the government to inquire into the report of the Archambault commission to decide what part or parts should be put into force immediately. I remember that during the debate the hon. member for Stanstead criticized and objected to the dilatory methods being followed by the government at that time, and I believe many hon. members agreed with him.

During the past years we have had a good many royal commissions instituted for one purpose and another, especially on penal reform, but little or no action has been taken. I am inclined to think that has a tendency to bring all royal commissions more or less into disrepute and disfavour. I was surprised a short time ago to hear the minister express criticism of the Archambault commission. I, for one, think one would have to go a long way to find a commission that worked as diligently and presented a report as comprehensive as that presented by the Archambault commission in 1938. The commission was appointed in February, 1936, and spent two years in the work of investigation. Its report was presented to the then Minister of Justice, Right Hon. Ernest Lapointe, on April 4, 1938. That the work was very well done is, I think, indicated by the fact that the members of the commission travelled extensively, not only in Great Britain but on the continent of Europe, in the United States and the various provinces of Canada. As a result of these investigations, the commission advised the setting up of a penitentiary commission of three members, with full authority over the management of our federal prison system.

As far as implementing the findings of the Archambault commission is concerned, one cannot truthfully say that nothing has been done, but one can truly say that very little has been done up to now. On Thursday, April 11, of this year the Minister of Justice informed the house that by proclamation certain portions of the Penitentiaries Act were to come into force immediately. I think the committee should be reminded of the fact that it is now over eight years since the report of the Archambault commission was published. On April 11 of this year the minister also indicated that Major General Ralph B. Gibson of Toronto had been appointed the first commissioner under the act. Through you, Mr. Chairman, I should like to ask the minister to-night if anything else has been done toward implementing the findings of the Archambault commission, other than the appointment of Major General Gibson. I should like to ask the minister also if the new commissioner has made any report to him, if any of his recommendations are to come before parliament and, if so, whether such recommendations are covered in the estimates with which we are now dealing.

In the speech of the minister last session, when dealing with the desirability of establishing a Borstal system in Canada, he indicated that one of the peculiar and particular duties of the new commissioner would be to investigate the situation in each of our federal penitentiaries and to interview all the provincial departments to see to what extent it would be possible to get some agreement or some unified system of administering the penal institutions of this country. I think we are all ready to concede that the outbreak of war did materially interfere with the carrying out of the findings of the Archambault commission. But the war has been over for some considerable time, and the country is beginning to manifest new interest in penal institutions. People are beginning to ask the question, well, what is to be done? I notice that church conferences and synods across the country are awake to the need. The Archambault commission has indicated the way in which we might go to accomplish penal reform. Now is the time for action along definite and constructive lines.

Many of us in the past have been asking ourselves the question: What is the underlying purpose of our penal institutions? Are they primarily to punish those who have broken the laws of the land, the men and women who are

offenders against society? Or are they to reform and to rehabilitate those who have fallen by the wayside? I think it is generally agreed on all sides that we have three particular types of criminals. They are: first, the accidental or occasional criminals; second, the reformable, youthful offenders and, third, the hardened, persistent, recidivists. The first group does not need necessarily to be reformed. The second type is definitely reformable, unless they are soured and embittered by their contact with prison life and prison habitues. The third type, namely the hardened recidivists, are the most difficult of all; and yet even those must receive humane and kindly treatment. And here I believe in a large measure depends the responsibility of those who have been placed in charge of the lives of our prison inmates.

In this connection I may say it has been my privilege as a member of parliament to visit some of our federal penal institutions. Last February, for example, I was in the city of New Westminster, British Columbia, and took the opportunity to visit the institution at that place, in company with the representative of the John Howard society. I refer to the Reverend J. D. Hobden. Some few weeks before my visit there had been some trouble, an incipient riot in the institution, and I wanted to see for myself what it was all about.

At this point I wish to pay tribute to the chief warden of that institution, who was in charge of the penitentiary at New Westminster. He very kindly accompanied me, and showed me all there was to see. I was greatly impressed by his attitude toward those under his care. One could not call it paternalistic, by any means; but it was definitely humane, friendly and firm. One had only to listen as he talked with some of the convicts, and to hear their replies, to know that there was understanding and respect between them. I could only wish that that were the attitude in all our penitentiaries; but I know that such is not the case. My belief is borne out by the findings of the Archambault commission.

I understand that one of the pet grouches of the convicts in our institutions is against the quantity and quality of food served to them, and that this is generally the cause of the incipient riots which break out in these institutions. This matter was dealt with a few minutes ago by the hon. member for New Westminster. Like him, I want to say here and now that in the institutions I have visited I have seen the menu charts, such as the hon. member exhibited; I have seen the food actually being served both at the luncheon and evening meal, and I can vouch for its quality and quantity. I am not at all ashamed to say that I have had many worse meals in my life than those being served to the inmates of our penitentiaries. My only hope is that the millions of people in the war-torn and ravaged countries of Europe may be assured of just as good meals as are being furnished in our penitentiaries to our convicts. I do not think any man can find in any of these institutions cause for complaint about the quantity or quality of the food served.

Then, again, I appreciated the fact that I was permitted by the warden at New Westminster to speak freely to some of the convicts in that institution—in the presence of the warden, of course. I asked one young man, a recidivist, about some very young men in the institution who were serving time. I asked him how he accounted for their being at that place. He answered me frankly that the breakdown or lack of home life was the chief cause of their downfall. Usually they were the children of separated or divorced parents, children for whom no one seemed to care at all. They roamed the streets of our cities; they got into bad company and learned the ways of crime.

I know that in the past we have talked a great deal about delinquent children. But now we are becoming aware that we have a new problem—perhaps not a new one; it is one we have always had, but which we have not recognized—and that is the problem of delinquent parents. It is a problem which challenges our attention at this time.

I am convinced that there is a lot of real work to be done outside the walls of our penitentiaries, creating clean and healthful conditions of life. This is preventive rather than curative work. I have a feeling that quite often when we allow ourselves to become interested in penal reform, and interested in the welfare of these forgotten people, we are accused of emotionalism and of being moved by sob stories. Personally I resent that accusation. I like to feel that in this, as in all things, I am using sound judgment, and that both heart and mind are coordinated in their functions.

Item stands.

Progress reported.

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

Monday, June 24, 1946.

The house met at three o'clock.

LABOUR CONDITIONS

WARTIME WAGE CONTROL—AMENDMENT OF P.C. 9384

Hon. HUMPHREY MITCHELL (Minister of Labour): Mr. Speaker, I wish to table copy of order in council P.C. 2432, passed June 20, 1946, further amending the wartime wages control order, P.C. 9384.

In connection with this amendment I wish to make the following statement:

Canada's anti-inflation programme, established in 1941, can, I think, be regarded as being something in the nature of an experiment. It can now be said that many economists did not think it would succeed and would break down because it ran contrary to the economic forces. However, for the most part it did succeed. In large measure that success was due to the unqualified acceptance of the programme by the people of Canada.

While it was a difficult enough task to put into motion the machinery needed to implement the anti-inflation programme, it is equally difficult to gear down that machinery and modify the programme. On previous occasions it has been stated in this house that the government's policy is to move out of the price control-wage stabilization field just as rapidly as it is considered expedient to do so. The current problem is one of timing the steps to be taken in decontrol.

In respect of wage stabilization, steps have already been taken to modify the wages order, and a further step is about to be taken. It is concerning this latest modification that I wish to speak in particular.

The important change proposed concerns section 20 of wartime wages control order 1943, P.C. 9384. That is the section which gives war labour boards the power to authorize or direct adjustments in wage rates.

The original clause (a) of subsection 1 of the section limited the board's powers to increase wage rates only to the extent necessary to rectify "a gross injustice or gross inequality". In January of this year that section was changed so as to enable boards to authorize or direct increases in any wage rates which were found to be low in comparison with wage rates generally prevailing in the locality. The amendment further empowered a war labour board to authorize an employer to increase wage rates on such other basis, and to such extent, as in the opinion of the board is reasonable in the circumstances and consistent with the maintenance of existing prices of the goods and services which the employer sells.

While this amendment served its purpose during the period it has been in force, changing conditions during this transitional period have made it appear to us that the wage adjusting formula should be modified to permit war labour boards a wider discretion than they have had.

Under the present amendment, war labour boards may authorize or direct increases in wage rates if and to the extent that such boards find the proposed increases are "just and reasonable". The amendment cuts away from the over-all wage fixing formula some of the previously existing restrictive conditions. It places upon war labour boards a greater discretion—a discretion which, I am satisfied, will be fairly exercised by representatives of management and of the major branches of organized labour in Canada, who as members of those boards have had a vast amount of experience in administering this part of our anti-inflation programme.

Much has been said of Canada's contribution to the war effort. In my opinion this is not the time to review that contribution. This is the time to direct our thoughts to the present and the immediate future. The progress of Canada will depend largely on the process of reconverting the country from a wartime to a peace-time basis.

The next two or three years will be critical ones for the future economic development of Canada. If we fail to pursue sound economic policies during that time, damage will be done which will jeopardize our progress for years to come. I can tell you that the task of maintaining a reasonable degree of stability in our economic affairs at this time is much more complicated and calls for a much greater degree of judgment than was the case when we were fighting for our very existence.

Thanks to our policy of economic stabilization, which ultimately met with the active support of industry and of the great majority of organizations in the labour movement, we came through the war well. That has been true to date in this transition period. It is the responsibility of all Canadians, whether they be in the managerial group or the labour groups, to see to it that we do not have a repetition of the inflation that struck this country in the early twenties. We must not loss of sight of the fact that the forces which brought about the chaotic conditions of boom and slump after the last war are present in our economy now. An abandonment of control now would let loose forces which could

wreck the economic life of the country at a time when an orderly transition to peace-time conditions is a primary necessity, and the country would be worse off than if stabilization controls had never been imposed.

I have been in the labour movement long enough—

Some hon. MEMBERS: Hear, hear.

Mr. MITCHELL: Wait a moment. Listen to what I have to say. I repeat that I have been in the labour movement long enough to know that the real target of labour is to raise the real standard of living.

Mr. HOMUTH: What child did you bring forth?

Mr. MITCHELL: It was not my hon. friend, I know.

I know that labour has, during these last six years, made greater gains in this direction than it has in any other like period in the history of the movement. The ideal should be to consolidate those gains. What I am afraid of—and I say this with all sincerity—is that any untoward advance in the present wage structure is going to do one of two things: either it will force prices up, whereupon the increased rates will count for naught, or it could force a buyers' strike to curtail production, and of course that will mean unemployment.

This government is in favour of good and fair wages; let no one think that any member of the government holds a contrary view. Good and fair wages are just that as long as they can maintain a real standard of living.

What all should strive for is production. A normal flow of goods and services will indeed form the real income of the community. It is the responsibility of management and labour, acting as a team, to work for the maximum production of goods and services, and anything which stands in the way of this is contrary to the best interests of all, particularly the wage earner.

What I have said has been for a definite purpose. I do not want anyone to think that, because the wartime wages control order has been amended, the lid is off. The revision of the order imposes upon all a very special duty, that duty being to work together through this transition period to the end that we can come out of it with an economy second to none. That should surely be a duty which all good Canadians should be glad to assume.

Mr. HOMUTH: May I ask, Mr. Speaker, whether the minister's statement is debatable?

Mr. SPEAKER: The statement made by the minister is not debatable.

Mr. HOMUTH: Then I raise a question of privilege on behalf of the ordinary members of the house. I protest against the minister making certain statements which do nothing but eulogize the government, when it is not possible for other members to debate those statements. On a question of privilege I protest against it.

PRIVATE BILL

FIRST READING—SENATE BILL

Bill No. 197, to incorporate Cooperative Life Insurance Company— Mr. Tucker.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

RADIO LICENCES—PROSECUTIONS

Mr. CHURCH:

(a) What is the number of prosecutions for failure to have a radio licence; (b) the number who have taken out licences; (c) the estimated numbers who have not, in the cities of Toronto, Montreal, Ottawa, Hull, Hamilton, London, Quebec, Winnipeg, Vancouver, Saint John and Halifax, for the last three years of record?

Mr. CHEVRIER:

(a)	Fiscal Year 1943-44	Fiscal Year 1944-45	Fiscal Year 1945-46
Toronto	208	392	773
Montreal	631	327	189
Ottawa	494	203	345
Hull	—	—	30
Hamilton	341	370	440
London	39	80	330
Quebec	75	70	175
Winnipeg	40	49	62
Vancouver ...	70	68	39
Saint John ..	2	—	12
Halifax	66	62	156

(b)	Fiscal Year 1943-44	Fiscal Year 1944-45	Fiscal Year 1945-46
Toronto	166,668	163,598	157,706
Montreal ...	207,697	207,887	219,311
Ottawa	39,503	38,273	38,637
Hull	5,386	5,001	5,521
Hamilton ...	32,584	33,787	33,618
London	21,215	19,938	19,726
Quebec	28,610	28,114	28,529
Winnipeg ...	60,791	58,697	61,835
Vancouver ..	71,852	72,595	75,587
Saint John ..	12,980	13,318	13,192
Halifax	14,281	14,809	14,725

(c) No reasonably accurate estimate can be attempted at the present time, due to various factors, such as—

(1) The difficulty of determining the number of receiving sets which are not in operation because they have become obsolete and cannot be replaced or because replacement parts are still difficult to obtain; and

(2) The movement of population to and from wartime industrial centres and changes in domicile of families of service personnel.

RADIO BROADCASTING—EUROPEAN SERVICES

Mr. MATTHEWS (Brandon):

In the matter of international broadcasting services, what European countries are included in such services?

Mr. McCANN: The international short wave service of the Canadian Broadcasting Corporation operates at Sackville, N.B., two 50 kw. transmitters with an elaborate antenna system permitting beaming of signals in desired directions. The European beam carries programmes in English, French, German, Dutch and Czech; the programmes being designed for the United Kingdom, France, Germany, Netherlands and Czechoslovakia respectively. Regular broadcasts to Russia are planned to commence as soon as adequate additional accommodation can be provided for Russian language specialists.

WAR ASSETS CORPORATION—DAVID MACNEIL

Mr. GILLIS:

1. Is Mr. David Macneil of Glace Bay, Nova Scotia, an employee of the War Assets Corporation?

2. If so (a) what is his position; (b) what are his duties; (c) when was he appointed?

3. (a) What salary does Mr. Macneil receive; (b) what was he paid by the way of expenses from the date of his appointment until June 15, 1946?

4. Is Mr. Macneil an ex-service man of this war? If so (a) what branch of the service did he serve with; (b) what was the date of enlistment; (c) what was the date of discharge; (d) what was the reason for discharge?

Mr. McILRAITH:

1. No. However, a Mr. David Chisholm Macneil of Halifax, N.S., is employed in War Assets Corporation.

2. (a) Regional personnel representative; (b) he is in charge of personnel work which includes recruiting, staff promotions, transfers and staff welfare, etc. in the maritime region; (c) April 23, 1946.

3. (a) $3,000 per annum; (b) $196.60.

4. Yes. (a) R.C.A.F.; (b) October 27, 1939; (c) September, 1941; (d) Medical grounds.

[Mr. Chevrier.]

CANADIAN ARMY BASIC TRAINING CORPS QUARTERS, PORTAGE LA PRAIRIE

Mr. KNOWLES:

1. Were any basement quarters of the 100th C.A.B.T.C. at Portage la Prairie, Manitoba, condemned at any time during the period of the recent war? If so, when?

2. What is the date and number of any order with respect to such condemnation?

Mr. LAPOINTE:

1. No. Accommodation was, however, not considered suitable for sleeping quarters and other arrangements were made in April, 1943, providing new quarters for sleeping and using basement quarters for lecture rooms and storage.

2. Answered by No. 1.

BELLEVILLE, ONT., DOCK FACILITIES

Mr. STOKES:

1. Did the dominion government enter into a contract for the extension of the dock area at the harbour in Belleville, Ontario?

2. Were tenders called for this work?

3. If so (a)when; (b) where; (c) who was the successful tenderer; (d) how many tenders were received?

4. What is the contract price per yard for (a) the fill used near the work; (b) for fill being brought to the work?

5. If tenders were not called, how was the contract let?

Mr. CHEVRIER: In so far as the Department of Transport is concerned:

1. No.

2, 3, 4, and 5. Answered by No. 1.

IMPORTS OF COAL

Mr. GILLIS:

How many tons of (a) bituminous; (b) anthracite coal did the Rochester and Pittsburgh Coal Company (Canada) Limited import into Canada during the period from January, 1945 to January 1, 1946?

Mr. McCANN: It is contrary to the practice of this department to furnish information which would disclose the private transactions of importeres at customs.

LABOUR CONDITIONS—TYPOGRAPHICAL UNION AND SOUTHAM NEWSPAPERS

Mr. KNOWLES:

1. Has the International Typographical Union at any time since the commencement of the present dispute with certain newspaper publishers offered to amend its provision excepting its laws, not relating to hours, wages and working conditions, in such a manner as to meet clearly the requirements of Canadian law?

2. If so, what is the nature of such amendment, and when was it offered?

Mr. MITCHELL:

1. Yes.

2. The amendment accepted, rather than "offered", by the representatives of the inter-

national typographical union read as follows: "Provided, however, local union laws not affecting wages, hours and working conditions, and the general laws of the International typographical union, shall not be subject to arbitration except in so far as such arbitration and the results thereof are compulsory under Canadian law". This amendment was acceptable to representatives of the union at a meeting with officials of the Department of Labour held on January 30, 1946, as a proposal relating to the Winnipeg newspaper stoppage of work which had commenced on November 8, 1945.

Mr. KNOWLES:

1. Have any Southam newspapers indicated their willingness to sign a contract with the International Typographical Union including a provision that the union's laws, not relating to hours, wages and working conditions, should be exempt from arbitration?

2. If so, which newspapers?

Mr. MITCHELL:

1. My department has received no information on this point.

2. Answered by No. 1.

WARTIME HOUSING—SASKATCHEWAN

Mr. McKAY:

1. How many houses have been (a) constructed; (b) are under construction, in Saskatchewan by Wartime Housing Corporation?

2. What will be the cost to the government of each of the following types of houses (a) 4 room; (b) 5 room; (c) 6 room?

Mr. McILRAITH:

1. As at June 15, 1946: (a) 424 houses; (b) 756 houses.

In addition to (b) above the construction of 250 more houses has been authorized although contracts have not yet been let for their erection.

2. Final costs to the dominion government are not yet available as only approximately 30 per cent of the house construction scheduled for Saskatchewan has been completed. The following costs therefore are estimates only: (a) 4 room, $3,330.02; (b) 5 room, $4,272.81; (c) 6 room, $4,397.22.

QUESTIONS PASSED AS ORDERS FOR RETURNS

WAR ASSETS—PROPERTIES—RENTALS, TAXES, ETC.

Mr. FRASER:

1. What properties including office space did War Assets Corporation own or rent during the year 1945?

2. What was paid in rentals, taxes, repairs and other costs on these properties for the year 1945?

CANADIAN NATIONAL RAILWAYS—REGINA DIVISION—MEN LAID OFF

Mr. McKAY:

1. How many men have been laid off by the Canadian National Railways in the Regina division since October 31, 1945?

2. How many of these men were veterans of world war I or II?

3. How many of these men were (a) maintenance of way employees; (b) shop employees; (c) running trades?

SHORTAGE OF NURSES

Mr. CHURCH:

1. Has the government taken any action with regard to the acute shortage of nurses in Toronto and elsewhere?

2. What percentage of enlisted nurses have left the armed services since the cessation of hostilities?

3. How many of these have returned to private practice?

EXPORTS OF APPLES—SUBSIDIES

Mr. RAYMOND (Beauharnois-Laprairie):

1. What quantity of apples was exported by Canada during each of the years 1939 to 1945, inclusive?

2. At what prices were they sold?

3. What price was paid to the producers?

4. What was the amount of subsidies paid on exported apples?

DECORATIONS AWARDED TO CHAPLAINS

Mr. MATTHEWS (Kootenay East):

1. Were any decorations awarded to chaplains who served in His Majesty's forces during the war?

2. If so, to whom and when?

HOUSE OF COMMONS

ADJOURNMENT ON FRIDAY UNTIL JULY 2

On the orders of the day:

Right Hon. W. L. MACKENZIE KING (Prime Minister): A question was asked last week whether it was the intention of the government to have the house sit on July 1, Canada's national holiday. The government have come to the decision that this year, July 1 coming on a Monday, the house should not be expected to sit on the first of July but that an opportunity be given to hon. members to participate in one or other of the numerous celebrations that are being arranged in different parts of Canada. I have asked the Clerk of the House to insert a notice on the order paper to the effect that when the house adjourns on Friday, the 28th instant, it stand adjourned until Tuesday, the 2nd of July.

CLOCKS IN PARLIAMENT BUILDING

On the orders of the day:

Mr. DONALD M. FLEMING (Eglinton): I should like to direct a question to the Minister of Public Works. What is going wrong with the clocks around the halls of this building? They do not agree on the time.

Mr. HOMUTH: They are like the government.

Hon. ALPHONSE FOURNIER (Minister of Public Works): I wish to thank the hon. member for drawing my attention to the fact that some of the clocks are running wild. I shall do my best to have them fixed as soon as possible. We are fortunate in that only the clocks around here run wild.

SMALL LOANS ACT

REDUCTION OF MAXIMUM INTEREST RATE

Right Hon. J. L. ILSLEY (Minister of Finance) moved the second reading of bill No. 140, to amend the Small Loans Act, 1939.

Motion agreed to, bill read the second time and referred to the banking and commerce committee.

Mr. HOMUTH: Is there not to be a debate on second reading?

Mr. SPEAKER: I put the motion for second reading to the house and it was agreed to. Then I put the motion referring it to the banking and commerce committee, which was also agreed to.

Mr. HOMUTH: Is it understood that this bill is being referred to the banking and commerce committee? The minister has not said so.

Mr. MACKENZIE: The speaker said so.

QUEBEC BOUNDARIES EXTENSION

REPEAL OF PROVISION EXCLUDING, FOR PURPOSES OF REDISTRIBUTION, POPULATION OF ADDED AREAS

Right Hon. L. S. ST. LAURENT (Minister of Justice) moved the second reading of bill No. 156, to amend the Quebec Boundaries Extension Act, 1912.

Motion agreed to and bill read the second time.

Mr. ST. LAURENT moved that the house go into committee on the bill.

Mr. COLDWELL: Is the minister not going to explain the bill a little more fully than he did last time?

Mr. ST. LAURENT: I assumed that the house was satisfied with the explanation I made when the bill received its first reading on May 28. At that time I stated that in 1912—

Mr. SPEAKER: Order. I am sorry to interrupt the minister, but I put the motion for second reading to the house and it was carried; therefore the motion now before the house is to refer the bill to committee of the whole.

Mr. COLDWELL: I thought I had asked the minister a question before second reading was given. However, if the second reading has been given it is all right; we can deal with it in committee.

Mr. SPEAKER: I suggest to the hon. member that the discussion can take place in committee.

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

Mr. ST. LAURENT: The committee will remember that when I introduced this bill on May 28 I said that it was incidental to the resolution which was under debate until last Thursday night. Had I not been remiss in my duty on Wednesday last I should have announced that we would ask the house to take up second reading of this bill when the resolution was passed. It did pass the house shortly before eleven o'clock on Thursday night, and as I had not given notice that the second reading of this bill would be moved immediately afterwards I did not feel that I should do so, and I took the first opportunity then of informing the house that it would be called at this time.

In 1912 parliament passed several acts to extend northwards the boundaries of Quebec, Ontario and Manitoba. In the bill dealing with the extension northward of the boundaries of Quebec it was provided that the population of the added territory would not be counted in the population to be divided by sixty-five to find the unit of representation on redistribution of the membership of this house. In view of the fact that the population of Quebec is not now to be the determining factor to fix that representation it was felt that the restrictions which had been inserted in the legislation of 1912 should be removed. I pointed out that when the statute of 1912 was passed its coming into force had been made contingent upon concurrent legislation of the Quebec legislature, and that in fact concurrent legislation had been passed. It was only after it had been passed and the increase in area and the terms of that increase accepted by an act of the legislature of Quebec that the federal act was proclaimed.

Hon. members will note that it is proposed that this act shall not come into force until proclaimed, and shall not be proclaimed unless and until there is concurrent legislation of the

legislature of Quebec. As a matter of fact, before it was introduced the government of Quebec was advised of its introduction, and that the proposal would contain the section that it would not come into force except on proclamation and would not be proclaimed unless and until the legislature of Quebec had concurred in amending the provisions of legislation which had originally been made with the concurrence of the legislature of the province.

At the present time the effect is nil. At the last census the population of the area was 3,067, and in the calculation would amount to less than one one-hundredth of one per cent of the total population of Canada; therefore it does not affect the unit of representation. If it is included it raises the unit of representation from 45,566 to 45,578; but a difference of twelve in the divisor has no effect at all when used in dividing the population of the other provinces. It is really incidental to the resolution adopted by this house on Thursday evening, and if passed and concurred in by the legislature of Quebec, and proclaimed, will leave the province of Quebec in exactly the same situation as all the other provinces of Canada. It will leave the statute of 1912, which concerned Quebec, with the same conditions as those originally placed in the statute extending the boundaries of Ontario and the statute extending the boundaries of Manitoba.

Mr. MacNICOL: Should the bill not give a description of the new area added to Quebec? By the old description in the 1912 act, which covered the northern boundary of Quebec, the line commenced at the mouth of the east Main river, proceeded eastward and then up the main tributary northeastward to lake Nishikun, and then followed the fifty-second and a half parallel east to the source tributary of the Hamilton river. Since that time, however, Labrador has been set up, so I am under the impression that it would be necessary to mention that area lying north of the boundary of 1912 and eastward to the boundary of Labrador.

Mr. ST. LAURENT: It is not intended by this act to deal with the fact that a certain area purported to be annexed to Quebec at that time, and that since then some of it has been declared to be not within the jurisdiction of the parliament of Canada. All that is proposed is to delete two of the conditions which no longer apply. There is nothing in the statute of 1912 being dealt with in this amendment but the conditions that were inserted.

Mr. ADAMSON: In view of the valuable iron deposits recently discovered on the boundary of that long bit of Labrador which goes into the province of Quebec, has any consideration been given to rewriting the treaty with Labrador to include that area? A tremendous development is likely to go on there, which will be channelled down through the province of Quebec. That is really physically part of Canada, whether it is on one side or other of the height of land. I realize this bill does not deal with that, but while we are on this subject I should like to ask whether any discussions have taken place in that regard.

Mr. ST. LAURENT: That is a matter about which I must be rather careful in what I say. It is being dealt with by the Department of External Affairs. As the hon. member knows, just within the last few days an election has been held in Newfoundland for the purpose of constituting an assembly. The position of Canada is still as it has been stated on more than one occasion in this house. If the people of Newfoundland come to the conclusion that they would be happy to throw in their lot with Canada, their representations will be given most earnest and sympathetic consideration. But it has been said on more than one occasion in this house that this is something concerning more particularly the inhabitants of the old colony of Newfoundland, and this government would not wish to appear to be interfering in the affairs of that colony. Their delegates or representatives will be welcomed here as cordially as we can welcome them. I believe there are many Canadians who feel that it would be to the mutual advantage of Canada and Newfoundland to come closer together. Nevertheless it might not be helpful to that end to have Canada appear to be interfering with the judgment the people of Newfoundland are to express on that subject.

Mr. MacNICOL: Now the minister has mentioned that subject I should like to add a word in that regard, and I do this in the kindest way possible to all concerned. If Newfoundland should send delegates to Canada to discuss the question of the admission of Newfoundland into Canada, which I for one favour, I would strongly urge that no effort be made or no suggestion advanced to detach Labrador from Newfoundland. I made an exhaustive survey into the confederation question in Newfoundland, extending over a week or two during which time I indicated that I for one would favour such a step, and everywhere I was met with the question, "Would you make an effort to detach Labrador from our jurisdiction?" I found the people of Newfoundland almost immovable

in their determination not even to discuss the question of detaching Labrador from the jurisdiction of the island. I respectfully suggest that if this matter does come up, no suggestion be put forward by us to detach Labrador from the island of Newfoundland.

Mr. ST. LAURENT: I am sure whoever represents Canada at a conference of this kind will be glad to have the considered opinion of the hon. member as to the best method of serving the mutual interests of the people of the two areas.

Section agreed to.

Section 2 agreed to.

Title agreed to.

Bill reported, read the third time and passed.

NAVAL SERVICE ACT

PROVISION FOR SEA CADET CORPS

Hon. DOUGLAS ABBOTT (Minister of National Defence for Naval Services) moved the second reading of bill No. 56, to amend the Naval Service Act, 1944.

Mr. STIRLING: Is the minister going to make a statement?

Mr. ABBOTT: Perhaps I had better say a brief word in explanation. The purpose of the bill is to amend the Naval Service Act by adding two sections, 28A and 28B, in order to provide permanent authority for the formation, training and administration of the Royal Canadian Sea Cadet Corps. That authority exists at present by virtue of P.C. 3655 of May 26, 1941, an order in council passed under authority of the War Measures Act and continued in effect under the National Emergency Transitional Powers Act, 1945. As the powers conferred by that act in due course lapse, it is necessary to provide permanent authority under the Naval Service Act. The bill is similar to sections 59 to 62 of the Militia Act, which make provision for military cadets.

The Canadian sea cadet movement is by no means new. Since 1896, members of the Navy League of Canada have contributed, without remuneration, a large part of their spare time to the sea cadet corps. The primary object of the movement was not, I think it is fair to say, to train cadets for service during war time, but rather to help direct boys and young men along the road to better citizenship.

At the outbreak of war in 1939, the Canadian navy consisted, as hon. members are aware, of approximately 1,700 officers and men. One of the lessons we learned in the course of the growth of the navy to its war-time peak of over 100,000 officers and men was the value, in time of war, of the training that had been given to the sea cadet corps. True, cadets were by no means finished seamen, but they had in the course of their training absorbed many of the fundamentals of service at sea, and also the basic features of naval discipline. The value of this training was demonstrated in every theatre of operations in which the Canadian navy was engaged. At least 6,000 cadets passed from sea cadet corps to active service during the war, and among their numbers the navy is proud to count some of its most distinguished officers and men.

It was in 1941 that the naval service first took an official part in the affairs of the sea cadets. Since then the movement has been the combined effort of the navy league and the naval service. The navy league provides the corps with training quarters and at least one summer camp in each province. The general administration of the corps is attended to by local branches and committees of the league. Interested citizens act as sea cadet officers and they, with the committees, organize public support for the corps. The naval service supervises the training of the sea cadet officers and cadets, operates the summer camps, and lends the necessary training equipment. It is intended to continue this arrangement, which has worked out most satisfactorily.

In 1942 His Majesty the King, at the request of the government of Canada, was pleased to permit the sea cadets of Canada to use the term "Royal" as a prefix to their name, so that the official name then became "The Royal Canadian Sea Cadet Corps."

During the war considerable emphasis was naturally placed upon the value of the corps as a means of training youths for eventual active service with the navy. Now that the war is over, emphasis is again placed upon the primary peace-time object of the corps which, as I have said, is to assist in the development of good Canadian citizens. Yet always in the background is the thought that should Canada again be faced with a national emergency, the training these youth are receiving to-day will stand the nation in good stead.

There are at present nearly 13,000 sea cadets, attached to approximately 100 separate corps located in all of the larger cities of Canada, as well as in many smaller cities and towns. It is proposed to increase the number of cadets to 15,000. The widespread national enthusiasm for the movement that is constantly being demonstrated makes it plain that that number could, without diffi-

culty, be greatly exceeded. However, for the time being at least, the funds and administrative facilities that are available make it impracticable to aim at a membership of more than 15,000.

Hon. members who have, as I have had, a son in the sea cadet corps, or who have become familiar by other means with the activities of the corps, will not need to be told of the fine work that is being done in building character and in keeping the boys interested in worth-while things during their leisure time. I have been informed by officials of the Navy League of Canada that there is no record of a single serious offence having been committed in Canada by a member of the sea cadet corps. I am not in a position to verify that statement, but I am quite prepared to believe that it is correct. This record may in some measure be attributable to the fact that the Royal Canadian Sea Cadet Corps attracts a good type of young boy, but I am quite sure that the training the boys receive and the spirit that prevails in the corps has had a great deal to do with it.

I trust the house will support the amendment to the Naval Service Act which will permit this corps to become a permanent part of our naval service.

Mr. J. R. MacNICOL (Davenport): Mr. Speaker, I am happy indeed to support this bill. I have been a member of the Navy League of Canada, Ontario division, for the last thirty years, ever since 1917, and for a number of years have been one of the honorary presidents. In that time I have been associated with a multitude of distinguished men and women across Canada who, as the minister has so kindly pointed out, have given their services freely. They have given, too, of their time and their means to build up this great organization.

I thank the minister for the encomiums he has paid the navy league for the achievements of the young men belonging to that organization. I was amused a few days ago when I received from Toronto a pamphlet in which appeared the definition of a sea cadet boy. Perhaps the minister has read it, but I think it would be worth while to put it on *Hansard*. This article was prepared by the Rev. E. M. Skillen, co-padre of "Admiral Mountbatten" Navy League Sea Cadet Corps. Happily the sea cadets name their corps for admirals or ships. I have forgotten the name of the Toronto corps. The article states:

> A sea cadet is a boy. A boy was once classically defined as a "darling" at the age of two, a "nuisance" at the age of 8, at 18 "interesting," at 22 "a meal ticket," and at 25 married "and to blame for everything." The definition is humorous but superficial, for it leaves out of account the straddling age of 12 to 16, the most important time in a boy's life.

Mr. ABBOTT: The top limit is 19 years. It ranges from 12 to 19.

Mr. MacNICOL: The minister referred to training. The Rev. Mr. Skillen makes reference to that feature, in these words:

> First the boy is dressed in the finest uniform in the world, a uniform steeped in tradition and honour, and he is taught to respect the uniform and what it stands for. It teaches him the first lesson of good citizenship, faithfulness to ideals.

Those are some of the reasons why in 1917 I became interested in this movement. That was about the time the late Lord Jellicoe, the victor at Jutland, came to Canada. He and those associated with him gave the movement a tremendous impetus.

As the minister has said, the corps have grown in number to almost a hundred. I believe the exact number stands at 91, and they are found in the principal cities and towns throughout Canada. The objective in membership is 15,000. I am happy to say that during the war more than 10,000 of those trained in sea cadet corps in Canada entered the Canadian navy. This number would be almost 75 per cent of the number belonging to the corps. Then, about 14 per cent joined the army, and about three per cent the air force.

But the effect on total enlistments throughout Canada in all the services, through the work of the navy league since 1917 was much greater than can be shown in the percentages I have given. Years ago, when I had more time, I visited the corps all across Canada. One expects to find the spirit of the sea prevailing in the towns and cities along our coasts, but it has always been a revelation to me to witness the ardour and enthusiasm of the sea cadets corps at inland points. I have in mind the city of Winnipeg which at that time, if not to-day, had the largest sea cadet corps in Canada. It is a large corps. Regina also had a high class corps, as well as Calgary and Edmonton.

The training that these boys had received down through the years showed results during the war. The young men of the prairies were far removed from the sea, but they were encouraged to enlist for naval and sea work. They excelled and distinguished thmselves beyond anything that anyone would have dreamed possible on the part of boys who had never seen ships and who had never had anything to do with the sea. With the minister I rejoice in the marvellous work accomplished by the navy league down through the years.

I cannot speak too highly of the navy league. Every time it was mentioned in the house, particularly during the war, many hon. members have been ready to laud its achievements. I cannot close without mentioning a few of the outstanding Ontario men and women who have taken part in this work. I am sorry I have not the names of those in other parts of Canada, but perhaps other hon. members can mention them.

Those in Ontario include the patron, His Honour the Lieutenant Governor Albert Matthews. The dominion president is Mr. D. H. Gibson, C.B.E., a retired executive of the great Robert Simpson Company. He has carried into the administration of the affairs of the navy league the same careful business administration he exercised when building up that great company. The Ontario president is Mr. Gordon C. Leitch, another outstanding business man of the city of Toronto, who devotes his whole time to the administration of the Ontario division of the navy league. I believe last year he was able to raise close to $400,000 to carry on naval work, which was to the credit not only of the Ontario division but of the whole navy league. The secretary is Mr. Victor R. Ramsay. Among the honorary presidents are Lady Eaton, Lady Kemp, Mrs. A. E. Kirkpatrick, Mrs. R. C. Matthews, and among the vice presidents are Colonel A. E. Kirkpatrick, K.C., Mr. J. C. M. MacBeth, K.C., and a long list of others.

I rise with a great deal of pleasure to support this bill. Let me close by quoting the promise made by the sea cadet. This reads:

> I solemnly promise to live up to the motto of the Royal Canadian Sea Cadet Corps for God, for King and for the empire, and further promise, as far as I am able, never to allow any one to do or say anything against my king or country.

I gladly second what the minister has said about the official figures showing that the sea cadets are never in trouble, that they are always an example to others. I have never heard of one of them being in the courts for a misdemeanor. The training is such as to make them real men in character, in deportment, in civility and in recognition of authority. Although their pledge does not call upon them to serve, they have shown that they are ready to serve.

Mr. F. E. LENNARD (Wentworth): Mr. Speaker, I do not want to delay this bill, nor shall I repeat the many fine things that have been said about the Navy League of Canada and the sea cadet corps in Canada. Naturally I agree with everything that has been said. I commend the interest that the minister and his department have taken in this work during the past several years. I rose simply to draw one matter to the attention of the minister. I suggest that the remuneration given to the sea cadet officers be in the form of a clothing allowance. In the past this has always been to compensate for out of pocket expenses, which may amount to a considerable sum at the end of the year.

I have in mind one chap who attended the sea cadet officers course at Cornwallis for two weeks last month. He then went to camp with the boys at Gananoque. At the end of the year he found that the amounts he received for expenses put him in a higher category and the result was he was being penalized by our own revenue department. I feel that this matter should be taken into consideration and these payments made in the form of a clothing or expense allowance.

Mr. NORMAN J. M. LOCKHART (Lincoln): Mr. Speaker, I support what the hon. member for Wentworth (Mr. Lennard) has said. In my fair city there is one of the outstanding branches of the sea cadet corps. Many persons in that city have given of their substance as well as of their time to support this work, and they are finding considerable difficulty in getting new personnel to continue it. Every possible consideration should be given to continuing the interest which these young men have in this work. They have grown up over a period of eight or ten years and have now reached the point where they would be very useful to the organization, but, they hesitate to continue with the work because of financial considerations, although they have every other qualification. I feel sure the minister will give this aspect of the matter every consideration.

Mr. J. H. BLACKMORE (Lethbridge): Mr. Speaker, the Social Credit movement will be behind the proposals made by the minister in this bill. We urge that the minister be ambitious in preparing our people for an emergency. He should not be apologetic; he should tell the people that they are in grave danger of having to face another struggle at any time. It is wisdom to be prepared. We should emphasize the aspects of this movement which involve health, training, and character development, and we must be more prepared in many of these things than we were in the last generation. People get the idea that all they are doing this thing for is character development. The Social Credit movement will support the minister in an ambitious programme.

Mr. G. H. CASTLEDEN (Yorkton): The first question I want to direct to the minister

is whether his remark about including those of nineteen years of age is correct, because I understand from the bill that it does not include those of nineteen years of age. The second point is with regard to rates of pay, accommodation and medical care, and so forth, being left entirely to orders in council. I believe that on previous occasions there have been complaints of discrimination between the various arms of the service with regard to the cadet corps, that the naval cadet corps was not receiving the same pay as cadets in the army and the air force. Are these provisions to be made uniform, or is there to continue to be discrimination in rates of pay?

Mr. ABBOTT: We are not in committee, but if no hon. member desires to speak I can deal with the matters which have just been raised by the hon. member for Yorkton.

Mr. SPEAKER: If no other hon. members wish to speak, the minister will now close the debate.

Mr. G. R. WEBB (Leeds): As the boys' sea cadet camp known as Rotary Island is located within almost a stone's throw of where I live, I should like to say just a few words. I have had the opportunity of visiting this camp on many occasions, and my impression is that good training supervision is the secret of the success of this organization. I believe that in most cases the instructors and trainers are good, and therefore I am heartily in accord with any advancement of this enterprise. It is a great work. I have a couple of questions to ask, but possibly I can do that in committee.

Mr. ALAN COCKERAM (York South): I just want to compliment the minister for bringing down this measure, and would like to suggest to him—I am sure he has taken it into consideration—that the good will and the cooperation of the provincial departments of education be obtained in order that this whole movement may be successful.

Mr. G. K. FRASER (Peterborough West): I have in my riding two of the finest sea cadet corps in the country, one sponsored by the Kiwanis, and one at the Grove school. The Grove school is, I believe, one of the oldest sea cadet corps in Canada. Three hundred of its members went into the services in this war and the previous war. But since the war is over the members of the Kiwanis club of Peterborough—of which I am a member—have told me it is difficult to keep up interest in the movement, to bring the boys together. I suggest to the minister that he do everything possible to get boats and other equipment for the boys in connection with their training. They need it, and it is one way of keeping the corps together.

Hon. DOUGLAS ABBOTT (Minister of National Defence for Naval Services): I will close the debate, if I may, by thanking hon. gentlemen who have spoken for their kind words about the sea cadet corps and the Navy League of Canada—all of which, of course, I heartily endorse. I did not feel that this was a bill which would provoke controversy, and I am glad that it is receiving such general support on the part of hon. members.

Motion agreed to, bill read the second time, and the house went into committee thereon, Mr. Golding in the chair.

On section 1—Royal Canadian Sea Cadet Corps.

Mr. FRASER: Has any arrangement been made that the ships' bells off the different corvettes, Fairmiles, and so forth, be sent to the cities and towns to which they belong? If the ship's bell of, say, the corvette *Peterborough* were sent to Peterborough, it would assist in the recruiting of sea cadets and help the morale of the boys.

Mr. ABBOTT: I am not quite sure. I believe that where possible, and where the request has been made, ships' bells have been sent to the cities and towns for which the corvettes have been named, but I am not in a position to say whether that is the general rule. I am inclined to think it is not. I will take a note of my hon. friend's suggestion, and when the estimates of the naval service department are before the house I can perhaps reply in greater detail.

The hon. member for Yorkton asked, I think, as to the age limit. The ages, as I said, are twelve to nineteen, but up to nineteen. Boys over nineteen years of age are not eligible as cadets. In other words they can serve up to the time they enter their nineteenth year.

Mr. ROSS (St. Paul's): How many training centres will there be in Canada, and where; and how long will the cadets train each year?

Mr. ABBOTT: By training centres does my hon. friend mean cadet camps?

Mr. ROSS (St. Paul's): Yes.

Mr. ABBOTT: There are fourteen in all.

Mr. ROSS (St. Paul's): Distributed throughout the country?

Mr. ABBOTT: Distributed throughout Canada—one at least in every province.

Mr. ROSS (St. Paul's): Has my hon. friend the names of them?

Mr. ABBOTT: Yes. I would be glad to put them on *Hansard:*

Pownal, ten miles from Charlottetown on Pownal bay.

In Nova Scotia negotiations are under way for a camp site and will be settled shortly.

Camp Brock, twenty-eight miles from Saint John, on the Saint John river.

William Ewing camp, which is near Choisy, outside Montreal.

Rotary island, Gananoque, Ontario.

Princess Alice and Queen Elizabeth, twelve miles from Midland on Minnicog and Beausoleil islands.

Kitchigami, five miles from Goderich on lake Huron.

Lake Eva, which is on Purdy island in Eva lake, near Kawene, Ontario.

Ruttan, which is near Kenora.

Shepley island, which is an island in the Saskatchewan river not far from Saskatoon.

Wabamum, which is thirty miles from Edmonton.

Chestermore, which is east of Calgary.

A camp in British Columbia on Gambier island, some fourteen miles northwest of Vancouver in Howe sound.

Mr. ROSS (St. Paul's): What will be the period of training?

Mr. ABBOTT: I am afraid I have not that information at the moment, but, judging from the experience of my own son, the camp operates during a period of two months in the summer, and the boys go for periods varying from two to four weeks.

Mr. STIRLING: The minister has drawn attention to the fact that, strictly speaking, a cadet ceases to be a cadet on his nineteenth birthday. Of course after that those who show aptitude and who so desire may perhaps be granted commissions; they are extremely useful in carrying on the work of the corps, and even as instructors they are on occasion continued in the work of the corps and give very beneficial service. The great impetus which came to the sea cadet movement at the beginning of the recent war was largely due, I think, to the interest which the minister's predecessor took in this movement. Before that, in the years between the wars and particularly as a result of the years of depression, grave difficulties were encountered by those who were endeavouring to carry on the work of the sea cadet corps. A great deal of the load fell on the shoulders of those in our communities who were sufficiently interested in the work, and sufficiently appreciative of the fact that such training was of the greatest value not only to the boy himself but to the neighbourhood, to ensure that the movement was carried on. In 1941 the sea cadet corps regulations were brought out. I understand that those regulations have been amended and a new set have been prepared but not issued. I shall be glad if the minister will explain the position with regard to the new regulations. Possibly he has been waiting until this bill should become an act, but there are quite considerable modifications, I am told, in the new set, and I should like to hear when we shall have them.

In the second part of section 1 reference is made to the fact that the members and instructors shall be entitled to accommodation, medical care and pay and allowances, as may be prescribed. I should like to make this observation to the minister with regard to accommodation. In 1935 the government took over a school building in the town of Kelowna where there is a cadet corps which has existed now for a considerable number of years, a school building which was about to be demolished but which it was considered could be adapted to the use of an armouries. On that occasion I made a point of seeing to it that the sea cadet corps should have not only the use of the drill hall and of the miniature rifle range but also have a room and a storeroom. A sea cadet corps accumulates a very considerable quantity of government property, such as rifles, ammunition and various instruments used for training the boys, and prior to that time it had been very difficult to preserve these possessions of the government in the hands of the sea cadet corps. I then made arrangements that there should be two comparatively small rooms put at the disposal of the sea cadet corps, one for use as an office where the committee could meet, whose task it is to run the corps, and where the officer commanding and the petty officers could draw up their reports and fill up their forms, and next door to it a store room which could be under lock and key, the window of which could be barred. And so the sea cadet corps was for the first time in its history with something which it could call its own in the way of premises.

There must be many other opportunities for the government to provide that minimum of accommodation which in my opinion is pretty nearly a necessity if an efficient corps is going to be run. Prior to that time, that corps and another one in my neighbourhood went from pillar to post to get what premises were available at a cheap rate, and then they were turned out and had to find something else. I should like to hear from the minister something on that subject, and whether he will endeavour to see that in future, when

armoury buildings are being provided, the sea cadet corps of that neighbourhood have premises provided for them.

Mr. ABBOTT: First, as to the new regulations, these have not yet been issued; as my hon. friend has intimated, they are being held until this bill has been passed. They will be issued shortly thereafter. It may be a month or two, allowing for revision and printing, but he can be assured that they will be issued promptly. On the question of accommodation, I agree with what he has said, that in making plans for the construction of any new naval division buildings, if and when we are able to proceed with them, proper care be taken to see that facilities are available for the sea cadet corps.

When I visited the naval division in Saskatoon two or three months ago—it is a modern type of naval division, a building which was constructed during the war—I was pleased to find that adequate and suitable provision had been made therein for the local sea cadet corps. The estimates for this year contain an appropriation of something over $800,000 for the support of sea cadet work, and the committee can be assured that this work will be continued.

Mr. STIRLING: Can I take it from the minister's remarks that in those centres where there is not an armoury or a national defence building or any sort, the government will look favourably on a sufficient grant of money to enable proper premises to be rented for the purpose?

Mr. ABBOTT: As my hon. friend knows, the sea cadet movement is sponsored by the Navy League of Canada, and a substantial portion of the money which is used in its activities is raised by voluntary subscriptions. The government feel that it is extremely desirable that this should be continued because it enlists the support of public-spirited and representative citizens in different parts of the country and is not solely a government-directed movement. It is most desirable that this feature should be retained. I am not prepared to say that in districts where there is no naval division available, in which quarters can be furnished for a sea cadet corps, a specific grant could be made for that purpose, but I shall be happy to take my hon. friend's suggestion into consideration and bring it to the attention of the officers of the department to see whether something of the kind would be possible. After all, it is as broad as it is long. If the moneys raised locally do not have to be used for the rental of premises, they can be used for other purposes, and therefore the amounts made available through government assistance can be used for some other purpose. However, I shall take the remarks of my hon. friend into consideration and see what can be done.

Mr. STIRLING: I warn the minister that I shall expect him to fight like a tiger when the new premises are being built, which are foretold of in the Okanagan valley. A new building is said to be in contemplation. By the way, it is the same minister, and I shall feel it all the more necessary to ask him to see to it that a sea cadet corps is properly provided for in the buildings which will probably be put up before many years are over in order to replace those that exist today. In my opinion it is essential, if the government is going to support this very worthy enterprise, that the necessary facilities be provided to enable them to carry on their work properly.

Mr. LENNARD: The corps in which I am most interested is housed at the moment in armouries under the direction of M.D. 2, and we are working harmoniously with the O.C. of the battery in charge of the armouries. Further to what the minister said about the sea cadet movement being under the direction of the Navy League of Canada and more or less on their own, I believe it remains that way to a great extent. I may add that both Hamilton and Burlington are considering the raising of considerable amounts of money—by private subscription, which is as it should be—for the erection of sea cadet headquarters in both places.

Mr. MACKENZIE: I feel it my duty to say that no one in Canada did more for the sea cadet corps than a former minister of national defence, the hon. member for Yale (Mr. Stirling). It was one of his great works. When he was minister of defence and in opposition in other days he unfailingly supported the sea cadet corps.

Mr. PEARKES: Canada now has three cadet corps, the sea cadets, the army cadets and the air force cadets. They all receive some, if not all, their financial assistance from the government of Canada. There are other boy organizations, such as the boy scouts, in Canada which in the past have, I believe, received government grants. It is highly desirable that there should be no duplication in the expenditure of this money, and that there should not be undue rivalry between these various organizations—and by undue rivalry I mean attemps made by local scoutmasters or cadet leaders to get boys to transfer from one organization to another. In order that Canada's money may be spent as wisely

and judiciously as possible some coordination is required between the activities, training, terms of enlistment and so forth of these various cadet corps. Can the minister tell us whether any steps are being taken to co-ordinate the training activities of the three cadet corps? If so, is there any further coordination between the other boy movements of Canada?

Mr. ABBOTT: There is an inter-service cadet committee in the three services. I am not able to say just how far that committee has progressed with coordinating the training in the three services. One thing that it does is to allocate corps on the basis of population, having due regard to the requests of local school boards and so forth, so that there will not be overlapping and duplication, particularly in smaller towns, as between the cadet corps of the three services. I think that is desirable. I do not believe very much headway has been made thus far in coordinating the training of the various corps. I do not know just how far that will be possible. My hon. friend could speak with greater authority on that than I can. I suppose the one purpose of the cadet corps, aside from its training value, is to instil in the member of the corps a liking for and an interest in the particular service for which he is training, and so long as it balances out fairly well throughout the country on the law of averages I suppose we can leave to each service the determination of the type of training that may be given in a particular corps in the service. But I shall be glad to look into the matter a bit further. Perhaps when my general estimates are under review I can make a more complete statement in reply to the inquiry which my hon. friend has made.

Mr. LENNARD: In my own locality some men who are in the boy scout movement are members of the sea cadet committee and, it has never been my experience that there has been any conflict between the boy scouts and the sea cadet movement. I may not be right. Some hon. member said I was wrong. But so far as my knowledge goes there is complete cooperation. We do not take boys into the sea cadets until they are fourteen years of age, and at that time they are about ready to leave the boy scouts.

Mr. ABBOTT: That coincides with my experience. In my own city Mr. R. C. Stevenson is extremely active in the boy scout movement and the sea cadet movement.

Mr. SKEY: Is the inter-service cadet committee considering the standardization of pay and allowances, uniform conditions of service, commissioning and so forth for the three cadet corps, or are they all handling their own organizations and directing them by different means?

Mr. ABBOTT: There is an inter-service cadet committee in Ottawa and one in each military district as well; but on the point just raised by the hon. member I think that is a matter which is considered not by the inter-service cadet committee but by the personnel members committee. I am not in a position to give a definite answer to that at the moment.

Mr. SKEY: Is the government considering any national youth training or cadet movement which goes above and beyond a particular service?

Mr. ABBOTT: Not that I am aware of.

Mr. SKEY: Has the government asked the inter-service committee to report on the feasibility of trying a national youth training movement?

Mr. ABBOTT: I question whether that would be the function of this committee. The function of the committee is simply to correlate the activities of the cadet movement in the three services. I would think that is a matter of government policy which would hardly come within the purview of the inter-service cadet committee.

Mr. SKEY: There are only 15,000 sea cadets authorized, and the same number for the air cadets. That makes 30,000 young men in Canada to be taken up by these two services to be given training, which is an immense advantage. The remainder is left to the army. It seems to me that it would be well for the government to consider a scheme which would take in the whole of the country, to give youth all the benefits of the type of training which the cadet gets in these two services.

Mr. PEARKES: Are the sea cadets entitled to receive benefits from the Strathcona trust? I have attended various meetings of the trust committee in various provinces, but I have never seen any representative of the sea cadet service there.

Mr. ABBOTT: I am afraid I cannot answer that question at the moment. I shall have to make inquiries and give my hon. friend the information when my estimates are under discussion.

Mr. GILLIS: The officers who organize and largely promote the sea cadets are obliged to purchase their own uniforms, are they not?

Mr. ABBOTT: I believe that is correct.

Mr. GILLIS: Is any gratuity, allowance or remuneration given for the services of these officers? I had the privilege of attending two or three functions of the sea cadet corps in my own community, and I know that the officers who organized and promoted the cadet corps were hard workers. They were not men of means. Some of them were school teachers on a small salary. They have to dress well. I was given to understand that they have to purchase their uniform in addition to all the work they do, in promoting the organization. I thought it was unfair. The least the government should do would be to provide them with the uniform they have to wear, which is expensive.

Mr. ABBOTT: We are now making provision for pay for the sea cadet officers, something which had not been provided for in the past; but no provision has been made for uniform allowance. The hon. member for Wentworth suggested that instead of paying the sea cadet officers we should give them such remuneration by way of uniform allowance, in order that it would not be taxable, and I said I would give that matter consideration. But as things stand at present there is a new provision in the regulations providing pay for sea cadet officers, and at the moment there is no provision for a uniform allowance.

Mr. MACKENZIE: I can tell my hon. friend, from my own experience in the days before the war, how generous Canada was in regard to allowances for uniforms. We had fifteen hundred air cadets in Vancouver with no uniforms at all. I was in defence at that time, and from the quartermaster's stores we obtained men's uniforms. The boys worked overtime for two nights, and we converted these men's uniforms into uniforms for the boys.

Mr. WEBB: There has been a little confusion as to where the naval department stops and where the navy league steps in—in other words, as to where the line of separation should be drawn. The minister mentioned this in his introductory remarks. Equipment, supervision, training and so on I believe come under the navy league, but what about training grounds and matters of the kind? Are they for the navy league or for the governnment?

Mr. ABBOTT: In most centres the navy league makes the premises available. In some centres where we have a naval division, suitable quarters are made available for the sea cadets, but probably it is fair to say that in most communities the premises are provided by the navy league through subscriptions raised from public-spirited citizens who are anxious to support the movement. As I said earlier, personally I think this is a most desirable feature to be retained, because it gets people interested in the movement. You are always a bit more interested in something to which you have made a subscription, so I think it is desirable to retain it on that basis.

Mr. FRASER: It was not too hard to get money for the navy league during the war, but it is a little more difficult to get it now. Some of these premises cost quite a bit to keep up. We have one in Peterborough which cost the Kiwanis Club over $3,000 to put in shape for the boys. The cost of maintenance is heavy, and I think the government should help out to some extent.

Section agreed to.

Section 2 agreed to.

Title agreed to.

Bill reported, read the third time and passed.

SUPPLY

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

Mr. MACKENZIE: It was announced last week that by agreement we would take two new departments in supply each week. As announced by the Minister of Justice Friday evening, we are to call one item in national revenue and one item in transport.

DEPARTMENT OF NATIONAL REVENUE

Customs and excise divisions—

247. General administration, $1,040,595.

Mr. MACKENZIE: Stand.

Item stands.

DEPARTMENT OF TRANSPORT

391. Departmental administration, $494,958.

Mr. MACKENZIE: Stand.

Item stands.

DEPARTMENT OF NATIONAL HEALTH AND WELFARE

Welfare branch—

228. Family allowances—administration, $1,961,250.

Hon. BROOKE CLAXTON (Minister of National Health and Welfare): When the committee was last considering the estimates of this department on June 17, I tabled three sets of figures showing family allowance payments month by month, statistics based on the May payments, and further statistics based on family allowance payments broken down

by provinces. These appear at page 2587 and following of *Hansard*. At that time, in response to some requests, I promised to make a brief statement about family allowance administration, in view of the fact that we have almost completed a year.

Hon. members will recall that the act came into force on August 15, 1944. The department which was to administer it, the Department of National Health and Welfare, came into existence on October 13, 1944, and under the terms of the act payments were to begin as from July 1, 1945. We have made payments now for twelve months. The twelfth payment, in respect of the month of June, 1946, has just been issued; but the statistics are not yet available in respect of that month. We hope they will be available next week. Generally speaking the records are kept in such a way that we can have a complete breakdown of the payments, province by province, about a week following the issue of the last cheque from the regional offices at the capitals of the provinces.

Hon. members will recall that in order to effect payment in the month of July, 1945, it was necessary to conduct a registration of all children in respect of whom parents wanted to receive payments. That registration was begun in Prince Edward Island in February, 1945, and was carried on throughout the rest of Canada beginning March 22, 1945. It is now possible to say that 92 per cent of the children under sixteen years of age are registered children in respect of whom payments are made under the act. The bureau of statistics estimates that there are 3,610,000 children in Canada under sixteen years of age, and in May, 1946, payments were made to 1,420,233 families in the amount of $19,934,614 in respect of 3,330,763 children. The average allowance per family was $14.04 per month, and the average per child was $5.98 per month.

In regard to the size of families, 81·5 per cent had three or fewer children. In March, 1946, one family was paid for fifteen children; thirteen families for fourteen; 106 families for thirteen; 320 families for twelve; 1,132 families for eleven and 2,871 families for ten. Therefore some 4,443 families were paid family allowances on behalf of ten or more children. Families numbering four to nine children inclusive represent approximately 18·2 per cent of the total number of families in receipt of family allowances.

The hon. member for Eglinton last Monday asked me to produce a table to give a classification of families, by numbers of children, broken down by provinces. With the unanimous consent of the house I should like to place that table on *Hansard*. This gives the payments for the month of March, 1946. The breakdown I am now furnishing is prepared every three months, and consequently in about a week or ten days it will be available for June. At that time we shall be in a position to give a complete record for the whole year. The table to which I have referred is as follows:

(*Table appears on following page.*)

I believe that hon. members generally are familiar with the administration. It would be surprising if they were not, owing to the fact that so many people in their respective constituencies receive family allowances. I must say that hon. members have been most considerate in dealing with regional offices and with the Ottawa departmental offices. The amount of correspondence we have received has been surprisingly small, when one considers the large number of families and children involved.

Administration has been carried on in nine regional offices situated in the capital cities of each of the provinces. At each of the regional offices is a regional director and a staff connected with family allowance administration. In addition, and in the same building there are treasury officials. We have been exceedingly fortunate in having the closest possible cooperation between the family allowances staff which registers the births and conducts the greater part of the correspondence, and the treasury staff and officials of the comptroller of the treasury, who actually issue the cheques.

As at March 1, 1946 there were in the family allowances regional offices a total of 489 employees who were either temporary or permanent; and in addition there were 492 employees who were employed on a casual or hourly rate basis. Those 492 were largely engaged in doing the work of verifying the backlog of registrations of births. Hon. members will appreciate that in the first year of administration we had a peak load in the registration of births, in that we had to conduct registrations of all children under sixteen, but we had approximately fifteen or sixteen times the task in a normal year. The work of verifying births has been largely completed.

As hon. members are aware, under our system applicants for family allowances are not required to furnish birth certificates. We make verifications in our offices in this fashion: We have made arrangements with each province under which the office of vital statistics in the province is furnished by us with Recordak equipment. That equipment is used to make microphotographs of all original records of births and deaths of children under

DEPARTMENT OF NATIONAL HEALTH AND WELFARE

Classification of Families by number of Children, based on Family Allowances paid in March, 1946.

—	Number of Children														
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Prince Edward Island	4,303	3,003	1,825	1,143	694	448	246	165	67	28	7	1	1	–	–
Nova Scotia	29,998	19,719	11,788	6,696	3,994	2,397	1,177	632	297	113	47	5	4	–	–
New Brunswick	20,562	14,266	8,960	5,876	3,770	2,455	1,488	875	420	182	64	12	3	–	–
Quebec	127,019	96,169	62,457	40,407	27,050	17,985	11,507	7,141	3,997	1,990	822	260	89	10	1
Ontario	202,269	134,868	62,196	29,381	14,051	7,108	3,523	1,698	696	292	111	16	4	2	–
Manitoba	37,290	25,835	12,123	5,972	3,112	1,439	900	360	148	44	22	4	3	–	–
Saskatchewan	39,739	31,004	17,257	9,260	4,683	2,602	1,310	621	314	118	37	13	1	1	–
Alberta	39,911	30,979	16,826	8,418	4,040	2,012	886	451	182	71	19	8	1	–	–
British Columbia	52,396	29,312	13,570	7,700	2,215	875	436	215	88	29	3	1	–	–	–
Northwest Territories and Yukon	539	309	239	139	67	31	13	6	1	–	–	–	–	–	–
	554,026	385,464	207,241	114,992	63,676	37,352	21,486	12,164	6,210	2,871	1,132	320	106	13	1

sixteen years. The film is sent to Ottawa, where the information is put on Hollerith cards by the dominion bureau of statistics. Those cards are used to print automatically and in alphabetical order, arranged by years for each province, a register of the births and deaths of children under sixteen years in those provinces. Similar information is secured with regard to the children in the northwest territories and the Yukon, and also in connection with immigrant children.

In this way there has been built up a set of registers which, in the first instance, are kept in the family allowances offices. When an application is received, that application is checked against the register. There is written into the register the family registration number so as to prevent any double claim in respect of the same child.

The work of verification which I have just described is more than half completed. I am happy to say that thus far it has disclosed a very small number of cases of fraud. So far we have found only two cases in which there is a suspicion of fraud, in which the circumstances are such as to warrant prosecution. That is an extraordinary tribute to the essential honesty of the parents of the children of Canada, when one thinks that with almost a million and a half registrations we have so far found only two cases which appear to show fraudulent registration. Those will be prosecuted through the usual channels. In addition, there has been a number of cases of forgery. About seventy-five claims have been made on the banks thus far, and I believe all those have been recovered.

The work of registration has been greatly simplified in Canada because the registration is so very simple in comparison with other government forms, and also in comparison with family allowance application forms used in other countries. We have found that it has worked well. An unusual feature of this administration is that we use only two printed forms, one of which is an application form and the other a supplementary application form. All other correspondence is conducted by ordinary letter. This, we find, has worked out well. It makes the administration more human; it prevents any delay owing to a lack of proper forms in the proper language at any point in Canada.

As hon. members may imagine, the correspondence is of considerable volume, and refers chiefly to changes in address, reporting deaths of children, or making inquiries as to amounts of payments. Actual letter correspondence totals about 133,000 letters a month. In addition, the family allowance administration makes changes automatically in the amount of payment owing to changes in the size of a family or the age of children. There are in this way some 70,000 automatic changes each month. In addition, there are 31,000 changes of address.

Altogether this represents a substantial bulk of correspondence. The procedure for payment, after the form has been received applying for family allowance and payment is authorized, is carried out with, I believe, one of the most modern sets of business machinery ever to be assembled in Canada. Payments are made through Addressograph cheque-writing equipment. The cheques are issued on fairly stiff paper, which is punch-holed for automatic computation on International Business Machines equipment. In addition, in the larger offices there are envelope stuffers and other types of mechanical equipment which have enabled the administration to keep down the cost to a figure which we regard as reasonably good, in view of the fact that we have been operating for only a year, when the job of complete registration and verification of a backlog of sixteen years has not yet been completed.

When the bill was before the house on July 31, 1944, I was asked, as reported on page 5829 of *Hansard*, for an estimate of the cost of administration. Based upon the experience of administering dependents' allowances and other large scale payment operations in Canada, as well as the cost of administration of the children's endowment plan in Australia and the children's allowances in New Zealand, which were the best comparable costs, we arrived at a figure of from one per cent to two per cent, or from $2,000,000 to $4,000,000. I suggested that the figure of $2,000,000 was a target to aim at and that I thought it would be quite possible we would come within the figure of $4,000,000. Actually the cost of administration this year is higher than the $2,000,000 figure, but from the experience we have had so far we estimate that in a normal year, after the backlog is taken care of, the costs will amount to the following:

Department of National Health and Welfare, $1,850,000.

Department of Public Works for rentals, furniture and services, $80,000.

Treasury, $1,944,000.

The last item includes $636,000 a year for postage paid by the treasury on family allowance cheques. The total estimated expenditures is $3,874,000, which is 1·6 per cent of the estimated amount of the family allowances payable of $240,000,000. In other words, it comes within the figure we mentioned back in 1944 and we hope that this estimate will be improved upon.

With regard to the working out of family allowances generally, I think it is fair to say that from all the experience we have had the results have more than exceeded our expectations. While there are exceptions, as there must be in any large scale operation of this kind, the majority of parents spend the money for the health and welfare of their children. It is interesting to note that since family allowances were introduced in Canada in July, 1945, a bill has been passed through the British House of Commons providing for family allowances which will come into effect on August 6, 1946. By then we shall have family allowances in operation on relatively similar bases in New Zealand, from 1926; in Australia, from 1941; in Canada, from 1945 and in the United Kingdom, from 1946. In addition, family allowances on a smaller scale have been in operation in Eire since 1945.

Hon. members may be interested in knowing what the different payments are. They are familiar with the sliding scale arrangement in Canada whereby payments run from $5 to $8 per child, with a reduction in the case of children after the fourth. The average payment in Canada is $5.98 a month. In Great Britain the allowance is five shillings a week with respect to all children after the first, which, at the rate of exchange of $4.44 to the pound, works out to $1.11 a week. The total allowances a month amount to 21·7 shillings or $4.81 in Canadian funds. If we average that for all children in England for the purposes of making a rough comparison, we find that the amount per child a month is $2.11. In England they aim to put into effect by stages the provision of school lunches and milk for children, which will gradually build up into quite a sizable sum.

In Australia payment is made with respect to children after the first at the rate of 7·5 shillings a week which, at the rate of exchange of $3.55 per pound, works out to $1.33 a week. The monthly payments amount to 32·5 shillings, or $5.78 in Canadian funds. The average for the whole population gives a figure of $2.84 per child a month. Since the Canadian plan came into force the payments in New Zealand were increased and are now made in respect of all children. The allowance is 10 shillings which, at the rate of exchange of $3.55 a pound amounts to $1.78 in Canadian funds a week or $7.31 a month. It is difficult to arrive at an average for the whole population because the payments in New Zealand are not made in respect of all children. There is quite a high income test which along with other factors reduces the number of children from 100 per cent to something less than that figure. It will be seen that the monthly rate of payment in New Zealand compares favourably with that in Canada as they have increased the rates in New Zealand, since our legislation was passed.

The number of cases in Canada where we have found it necessary to divert the payment from the mother, or from the father in the absence of the mother, to some other parent or trustee for the child, has been found to be much smaller than was anticipated when the family allowance plan came into effect. We have had the close cooperation of provincial and other authorities with regard to the provision that payment will be made only in connection with children who attend school. In every part of Canada there has been a substantial increase in school attendance, which is one of the fortunate by-products of family allowance payments.

We receive a large number of unsolicited letters from parents telling us of the ways in which they spend the money. If hon. members are interested I can show them copies of this correspondence. These letters indicate a degree of cooperation and the recognition of the fundamental purposes of the family allowance provisions that is most moving. We hear from parents in different parts of Canada as to how they are spending the money for the welfare and health of their children. Many unusual cases are reported, many of them exceedingly moving. Altogether I think it is fair to say that, from the point of view of helping to provide for the health and welfare of children, and of enabling children to have a more equal chance in life irrespective of the size of their families, the place of their residence, or the income of their parents, family allowances have proved themselves to be a substantial contribution to that end we all have before us—of giving a better life to all Canadians.

Mr. McIVOR: I feel it my duty to say a word at this time in support of the minister, his staff, and the way they have carried out this family allowance plan. I speak from considerable experience in saying that the money has been well spent. Children are better clothed; they have better food, and I suppose that once in a while they have better entertainment. It is a large amount of money which is spent on family allowances, but compared with the amount which was spent and wasted on war, the monetary reformers who used to be in this house—perhaps some of them are lingering around yet—

Mr. BLACKMORE: Not "lingering".

Mr. McIVOR: —would say that this money has been spent in the best possible way. Keep money in circulation and you will increase employment.

However, what I rose to do was to commend the minister and his staff, and you will notice that not all his experts belong to the male sex.

I have heard criticism levelled at Doctor Chisholm, and I think it has been overemphasized. When one considers that a deputy minister whose offices occupy only a small part of the Jackson building is held up before Canada as a menace; when one realizes that there are hundreds and thousands of ministers who twice a Sunday have their opportunity to tell mothers and fathers how to train their children in the way they should go, I think the statement of the deputy minister is being overestimated. I judge men as I find them, and I feel quite keen about this. I have had some experience with the deputy minister, and I have found no deputy more experienced or efficient than Doctor Chisholm. In one hour after I got a request from Fort William I interviewed the minister; I went to the deputy minister; I had the assurance that $200,000 would be made available for the care of Indians in the sanatorium at Fort William, and I was back in the hall where I started on my mission. If you do not call that efficiency I do not know what you would call efficiency. I do not agree with all Doctor Chisholm's views, but I do not think the minister would have the right to muzzle his deputy. All of us have our own ideas about things. I have mine, and my conviction is that the minister would be making a dastardly mistake if he got rid of his deputy minister.

Mr. FRASER: But you were looking for some money.

Mr. McIVOR: I pay a tribute to the common sense of the minister in holding on to him.

Mr. FLEMING: Among the items of information for which I asked the minister when the committee was last in session were the expenditures on publicity and information contracted for from the date of the inauguration of the family allowance scheme to the present time. Has the minister that information for the committee?

Mr. CLAXTON: The hon. member asked for that information last week. I find it is not possible to give him expenditures on publicity and information by months in any way that would be understandable. We can provide him with a copy of all accounts paid, which would give the actual dates, or we could sort it out by the items on expenditures as I did on the other items of expenditure on publicity and information in answer to previous inquiries. I thought that was what he wanted and I have that here; I will give it to him, and if he wants anything further I shall be very glad to see if it can be obtained.

In 1945-46 there was spent on publicity and information a total of $108,341.15. In the year beginning with November, 1944, expenditures were made for newspaper advertising, $80,053.34. That was advertising in connection with registration. It was ordered from November, 1944, on. It was released to the papers in Prince Edward Island just prior to February 1, 1945, and released in the rest of Canada between March 19, and April 12, 1945. There were also advertisements regarding income tax and family allowance payments which were ordered on April 5, released between April 13 and May 19, and their cost is included in the expenditure for 1945-46 of newspaper advertising of $79,771.17. Then there were in radio advertisements in the period ended March 31, 1945: in radio announcements released in Prince Edward Island during the week of February 1, 1945 $167.87; in similar radio announc released for redistribution over the rest of Canada over thirty-nine stations during the week of March 22, $5,121.69—for the year 1945-46. There is a descriptive cartoon in connection with registration which went out with registration applications: 3,358,687 were sent out. It was ordered in January, distributed in February in Prince Edward Island, and on March 22 in the rest of Canada: it cost $3,129.01—in the expenditures for the year ended March 31, 1945. There is a booklet called "Family Allowances, a Children's Charter", which was ordered on February 25, 1945, delivered on April 10, 1945, and distributed shortly after, 250,000 in English and 75,000 in French, at a cost of $7,882.25—all in the expenditures for the year 1945-46. That is now out of print, and provision for reprinting is made in this year's estimates. There was a motion picture in connection with Prince Edward Island which was shown toward the end of February and which cost $259.82. There was a similar moving picture, a news clip, ordered on January 15, 1945, and released March 5, 1945, which cost $1,725.95—all in the year 1945-46. There was another news clip on family allowances and income tax ordered on May 15, 1945, and released on June 7, 1945, costing $1,368.79—all in the year 1945-46. Expenditures on photography—art work—in connection with news clips and posters amounted to $871.33 in 1944-45 and $134.36 in 1945-46. There was a six-page poster which was ordered on March 19 and

distributed at the end of June, of which 1,500 sets were sent out in English and 250 in French and these were exhibited at established showing points, costing $919.10 spent in 1944-45, while $1,159.80 was spent in 1945-46. Cartoons and pictographs were distributed on March 15, 1945, and there was spent $478.19 in 1944-45 and $1,550.75 in 1945-46. There were graphic sheets for insertion with family allowance cheques distributed in October, 1945, December, 1945, and February, 1946, at a total expenditure, in 1945-46, of $5,204.67. A film strip was issued, ordered October 9, 1945 and distributed April 1, 1946, at a cost of $1,723.65. Of this eighty-nine copies were issued. There is a film script in course of preparation ordered in June, 1945, and on that $250.65 has already been spent. A publication, "A Good Winter Diet", was ordered in December, 1945, and distributed in February, 1946, at a cost of $195.45—all in 1945-46. A booklet "Les Allocations Familiales" was purchased for $31.75. The other item was relatively small.

Mr. COLDWELL: What has been done to inform parents as to the best use that can be made of the family allowance? The minister has spoken of films and so on. I presume some of these have that end in view. Will he tell the committee what kind of advertising, and to what extent, these films display? If we are spending money on publicity, I suggest that the best possible kind of publicity is that which will encourage people to improve the nutrition of the family.

A second point I wish to raise is this. How is a check made to see the manner in which the money is being spent in the home? That is important. We should not try to regiment or over-inspect people, but I am often asked that question with regard to family allowances: How do you know that the money is being used for the purpose for which it was intended? I heard the minister say that a majority of mothers—and, by the way, it is a good thing that the payment is made to mothers—are spending the money on additional nutrition, clothing and so on for their families; but what check is being made in this regard and to what extent is this publicity directed toward the encouragement of people to improve nutrition?

Mr. CLAXTON: In answer to the first question as to the general objects of this publicity, it was quite obvious that we could not secure prompt and accurate registration without telling the people what family allowances are, where they could obtain registration forms, what they were expected to do and how they should fill out the forms, so that a large proportion of the total expenditures on publicity and information was devoted to that object. I think it paid off in results because, instead of having twenty or twenty-five per cent of subsequent correspondence as a result of improper registration, the total correspondence amounted to something like five per cent. Incidentally, the graphic sheet issued with the application form represented the first illustrated sheet of the kind used for that purpose. It suggested how government forms should be made out. We received only one complaint about the use of that form, which was published in a newspaper, and it undoubtedly secured effective results.

The second purpose of the publicity was to bring to people's attention the relation between income tax and family allowance. That was not a simple thing to explain or deal with, and a second series of advertisements were necessary in that regard. Their purpose continued after the month of June or July, 1945, and that was almost entirely—I believe entirely—directed to the objects mentioned by the hon. member for Rosetown-Biggar, that is to say, bringing it home to mothers and other recipients of family allowances that the money was intended for the use of children, that it should be spent on food and certain types of clothing and other things which would contribute to the health and welfare of the children. In order to do that we had two films prepared and shown partly through the commercial theatres and partly through the non-commercial, non-theatrical circuits of the national film board, and through other agencies that usually show films. Hon. members all realize what a considerable proportion of the population is reached in that way. What is perhaps more important than anything else, we inserted in each of three family allowance envelopes a graphic sheet, so that the mother, on opening the envelope and receiving the cheque, would also receive a sheet giving in graphic form suggestions as to how payments should be used so as to inure to the welfare of the child. I think it has received a favourable response. We could think of no better way of bringing it home to the families of practically all the children of Canada—as I say, of 92 per cent of the children of Canada; and we propose to issue these stuffers in one form or another about three months apart, not more often, because if they went out more often than that people would get accustomed to them and they would find their way more speedily into the wastepaper basket. On opening the cheque, they see one of these graphic sheets, it takes only a minute or less to see the whole thing, to take it in, and some part of the suggestion will remain.

In addition, there has been fairly extensive distribution of posters which we think are effective. They were shown in railway stations, banks and other public places. Distribution of these posters was small, only some 1,500 sets in English and 250 in French, but they were put in places where they would secure a great deal of attention. In addition, members of the department have been active in meeting the public and explaining the purpose of family allowances. I think there has been wide interest in the press and in all circles. Therefore we feel that there has been a good beginning made in this work of public information and of education. Hon. members will appreciate that this is probably the most effective way of reaching the families of Canada in respect of their children, by bringing home information on health and nutrition. We feel that a great deal more of this educational work could be carried on through the media I have mentioned.

With regard to how we can tell whether or not the payments are properly made, of course no system can be devised which would tell that every cheque was properly spent. In connection with the introduction of family allowances here or elsewhere, it was never the intention that there would be a policing from home to home. What was intended was that as far as possible by making payments to the mother, by relying on the good faith, the judgment and the human interest of the mother in her children and in the community conscience we would do more in that way than we could possibly do with thousands and thousands of policemen or inspectors. That, I am glad to say, has been our experience. But there does arise the case where word is brought to us, through one means or another, that the money is being misapplied. That is brought to us through children's aid societies, through some other welfare agency, through provincial government or municipal officials, through a schoolteacher, through a minister of religion or someone else having at interest the welfare of the children. When that is done an investigation is made through either the emplovees of the government or through an existing agency already in the field. Arrangements have been made with three of the provinces under which these investigations are carried on for the department in consideration of a fee. In other cases we have worked through children's aid societies and welfare organizations, and in that way a check is made.

As regards more positive evidence as to whether or not the money is doing the job, I mentioned that briefly, but with the introduction of family allowances there was a striking increase in the sale of milk in Canada. It is impossible to say what proportion of that is due to the introduction of family allowances and what proportion to other factors, including the return from overseas of soldiers which began to occur in considerable numbers shortly after that. But whereas in the first six months of 1945 the consumption of milk increased 1½ per cent over 1944 in the corresponding period, the consumption increased in the second six months of 1945 eight per cent over the corresponding period in 1944. It may interest hon. members to know that to-day Canada's consumption of fluid milk is 386·8 pounds per capita as opposed to 295·9 pounds in Great Britain and 334·1 pounds in the United States. It is a high per capita consumption.

The second indication was in the increase in the sale of children's clothing, to which hon. members have already referred. That, I think, is a common experience, but again it is impossible to allocate how much of that was due to ordinary purchasing power, of which there was a great deal at the time, and how much to family allowances. However, we are told that the relative demand for childen's clothing as opposed to adult clothing was significant.

Then there was the matter of school attendance which has been reported from one end of Canada to the other. Numerous school authorities have reported to our regional directors and other officers that the children attending school are much better clothed than they were before. We have heard from employees in the northwest territories administration, Indian affairs branch, with regard to payments to Indians and Eskimos that it is already resulting in improved nutritional standards, and that where payments are made in kind it is interesting to see that some of the Indians and Eskimos come back and spend their own money on the kind of foods they have received through the family allowances payment in kind, and that they are spending their own money on some items in quantities which they never bought before.

There is also the correspondence and the fact that relatively few complaints have been received. We have all heard the stories of people who will not work because of this payment, or people who drink the money, but I must say that where these were investigated it has been found that they were relatively few. We are prepared to make these investigations in any such cases and under the act have authority to divert the money to whoever should receive it. In that, of course, we would ordinarily consult either with the represen-

tatives of the children's aid society or other interested persons having to do with any cases in a public way. These are indications; they are not in the form of statistics, because in a great human activity of this kind it is not possible to deal with it in terms of statistics, particularly at a time of rapid transition and change. But altogether they add up to a substantial support of evidence for the statement I made, namely, that the family allowances payments are to an even greater degree than we anticipated being used for the welfare of the children of Canada.

Mr. COLDWELL: Some nutritional surveys are being conducted among children, are they not?

The ACTING CHAIRMAN (Mr. Golding): Order. The hon. member for Qu'Appelle has the floor.

Mr. COLDWELL: I am sorry.

Mrs. STRUM: First of all, I wish to compliment the minister. Since I have been a member he is the first minister to recognize officially that all the efficiency and all the devotion are not confined to the male of the species within his department.

Mr. MARTIN: That is not correct. May I point out to the hon. member—and I do this with great reluctance because of my great friendship for the Minister of National Health and Welfare—that the Minister of National Health and Welfare is not the first minister to recognize the female of the species. The Minister of Labour did that two years ago when he brought in Mrs. Eaton.

Mrs. STRUM: May I point out to the Secretary of State that I said, "since I have been a member", which dates from last June.

I wish to compliment the minister on the administration of his department, and I have only two or three suggestions to make. Here we have quite a substantial investment in the youth of our country, and I think it is the best investment, the best expenditure, the government makes in the course of the year. We are now investing $250,000,000 in the children, who will be the backbone of the nation. I consider it important and useful to establish family allowances to take care of that particular group because, when I consult the figures on infant mortality—and I think this is a startling comparison—I find that in the five years from 1940 to 1944 more than three times as many babies died in Canada, where there was no war, as Canadian soldiers died in overseas service. The figure given by the infant and maternal welfare branch for infant deaths in the first year of life was 130,095 during that five-year period, while the casualties of the army, navy and air force numbered 40,861. So one can see the terrific loss of lives in the first year of life, and the great need to do something to save the lives of our children. If we are to invest $250,000,000 in children up to sixteen years of age, we should go back even farther than the birth of the child and extend care during the prenatal period so that children would have the best possible chance of surviving the first year of life.

I find, too, that there is a great difference in the chances of survival as between the various provinces. In British Columbia, for instance, the mortality rate is 35 per 1,000 live births; they have the best record. That figure varies up to a rate of 77 deaths per 1,000 live births in New Brunswick. Here I must ask for some latitude and the indulgence of the minister if my remarks extend somewhat far afield. At the moment I am slightly out of order, but I want to point out that this is significant, because it proves that 77 can be reduced to 35, and it shows that it is possible to save the lives of more than half those babies who now die in the first year of life. That is the most valuable aspect of this report.

There is another report, coming from the same department, which indicates that we have reduced our maternal death rate from 10·1 in 1935 to 5·6 in 1943. I think everyone will agree that one mother dying and leaving a home broken and bereaved is a tragedy, but that the more than 800 mothers who died in one year according to the most recent survey constitute a very great tragedy indeed; and our statistics prove that more than half those mothers could have been saved if they had been given proper medical attention. So I would say to the minister that while this is a valuable step we have taken, we must protect this investment by extending our operations a little farther to take in not only the first sixteen years but also the prenatal care of the mother. We must make sure also that there is the proper publicity, the proper educational agencies maintained, so that mothers will know how to care for their children and for themselves.

I want to make just one suggestion in regard to this expenditure. I wish the period covered could be extended from sixteen to eighteen years in the cases of children taking secondary education. I speak from experience, because for the last three years my child has had to live away from home. I was able to collect the family allowance only for the matter of a few months. My child is beginning university this fall and becoming very expensive, and I have no family allowance. I shall be able to look after her, but I am thinking

of mothers of large families. With six or seven children in the family it becomes almost impossible to board one child away from home, pay tuition fees, buy books and clothing and perhaps pay railway fare. So I wish the period could be extended to eighteen years to cover children who are trying to get an education. Even though they work for a short period during the summer months, it is really only casual employment. It is not skilled work; they receive very low wages, and it does not amount to very much in the year's expenditure on behalf of education.

I was interested in the comparative figures for the various countries in regard to the amount paid in family allowances. I was interested to hear Sir Wilson Jamieson, when he addressed members of this house on his recent visit. He said that in England they would rather pay a smaller family allowance and make up the difference to the individual child through school lunches and milk served in the schools. They would rather make sure that every child drank milk and had an adequate meal in the middle of the day. In a country like England perhaps it would be much easier to do that than in a country like Canada, where we have such scattered settlements and so many rural schools. However, I think it is worth noticing that milk at school can be a valuable addition to diet, and that is one way of making sure the child gets milk.

I was encouraged by the minister's remarks in relation to the integrity of the parents in the spending of the family allowance. I believe that is a hopeful sign; and I am always glad to find a man, or in this case a woman, who restores my faith in humanity. I have been interested in the results of certain public opinion polls. I have heard them on the radio several times. They start with the basic figure of so many people who spend the family allowance on milk or fruit or food or groceries, and then go on to the incidental expenditures, which I submit are just as valuable to the welfare of the child. If a mother buys a new mattress for the child's bed, I think that is part of the expenditure for the welfare of that child. If the mother adds to the comfort of her home I believe the child also benefits. I think the family allowance establishes an important principle, which I hope we may soon extend to old age pensions. That is, we pay a flat rate, and then we recover through income tax any excess in income. I hope, too, that may be extended to apply to married women seeking employment. I hope we may recognize the rights of the individual, and then recover, in income tax, any excessive family income.

[Mrs. Strum.]

There is just one more word I wish to say in conclusion, and that is in regard to the matter of publicity. I think the department has done a very good job in the matter of contact work with women's groups. I believe the literature sent out to women's institutes, local councils of women and all these other channels of information is very good, and I hope the work will be continued.

Mr. BLACKMORE: Now that we have had a testimonial meeting as to the value of social credit, perhaps it is well that I should say a word or two about the matter, and we may thank the hon. member for Fort William for giving us the text. When we Social Crediters came here in 1935 it was most interesting to see these haughty Liberals and the scornful attitude they took toward "something for nothing", $25 a month, and so forth. Now they are learning. There are many other things they must learn, too, if the country really is to be saved from disaster. Let us suppose that we have $25 a month for every citizen in Canada. I was thinking, as the hon. member for Qu'Appelle made her eloquent appeal, just how many of the needs she suggested would be filled by the payment of a flat $25 a month to everybody. Recover it through income tax, if you wish. I can suggest a means: Just increase the family allowance. Such a provision would immediately give reassurance and confidence to the parents and prospective parents throughout the land. And, too, it should increase our birth rate—a most desirable objective.

When the hon. member for Qu'Appelle was talking about the large number of Canadian babies who have died, I could not help thinking about the alarming number of them who were never born, because the prospective parents just did not dare send for them. It is time that we in our wisdom as legislators gave consideration to matters like this. It is time people had the assurance that they would have for their children food, clothing, shelter, health and education. I know what it is to see my children's teeth decay because of my inability to do anything about it, at a time when I was getting a measly pittance in income which just was not big enough to cover the needs, just was not big enough to save my children's teeth. The result was that some of them lost all their teeth at a very early age, and had to have false teeth.

Things like that ought not to exist in this country. There are plenty of dentists in the land, and facilities for training more dentists. There are plenty of materials with which to make dental fillings. It is time we gave

serious thought to these matters. If we had $25 a month for everybody in Canada, through increasing the family allowance, we would have immediately a market for Canadian goods and services. The hon. member for Fort William mentioned this. I find much alarm concerning the possibility of not selling the goods we can produce, and not finding work.

So that the committee may have no worry, lest I be out of order, I am going to mention $25 a month no more, but I am going to advocate an increase in family allowances. I believe I shall not be called out of order if I do that.

It is high time we began to give consideration to the matter of markets. One can read in the minutes or records of any of the meetings of the Canadian Manufacturers Association where they make repeated references to the need for increased purchasing power. What does that mean? Does it mean just eeny, meeny, miney, mo, or does it mean a request to those in power to do something about it?

Here is one way to do something about it. It would provide markets for our products and provide employment, and it would also relieve the pressure in connection with strikes. Just think what $25 a month would do in that way throughout this dominion—$25 a month as a family allowance, not as a dividend! Just imagine how it would tend to equalize the economic standard of well-being among the provinces, and the various areas in those provinces, thereby creating cooperation between the provinces and the dominion. We would have no more of these unhappy meetings between the dominion government and the provinces, if the provinces were assured that they were to be permitted to share in the good things the nation as a whole can produce.

Moreover, we would increase international trade. I hear many people talk about the desirability of increasing international trade. Well, increase the incomes of the people, and their purchasing power, so that they can buy our own goods, and they will be able to buy goods received in trade. That ought to be obvious.

Thus we shall see that the increase of purchasing power through the distribution of these family allowances would be a means of distributing goods both nationally and internationally.

I notice now that there is no more talk among these Liberals about "something for nothing." That is impressive, isn't it? Dear me, some of them almost fainted in their seats when the first mention was made about $25 a month, because it was something for nothing.

Mr. MUTCH: Not the first time.

Mr. BLACKMORE: Yes, surely they did. I could name certain members who would not be very proud of their record in that regard. And we hear no more about "inflation" to-day, because of the distribution of these moneys. We hear no more about "making people lazy". In fact, the whole talk of the minister this afternoon, so interesting, and so simple, went to show the value which would accrue from the distribution of purchasing power among the people.

I do not know whether I can say what I am about to say without being called to order; but I shall proceed to point out that the one great obstacle in the way of increasing these allowances, as I know the minister would like to increase them, is this question: Where are we to get the money? If the money is to be collected in taxes from the people of Canada, then automatically a definite limit is placed upon the extent to which family allowances can be increased. But if the amount of family allowance is to depend upon the goods and services which can be produced in this country, and the goods and services for which we can exchange our surpluses, then the family allowances can be increased to any desired degree.

The free medical care the hon. member for Qu'Appelle asked for, and the free hospitalization and free dental care can be provided, if we can only discover the financial technique which will reflect our capacity to produce goods and services, so that our money will reflect those goods and services.

I mention this once again to the minister—because, after all, he is learning. He does not need to feel ashamed, because he must remember that the Minister of Finance learned a good deal from the time we began to talk about controlling prices. Why, when we first talked that way we were told we would have to put the gestapo in every shop, if we were to control prices. The Minister of Finance almost went into a frenzy even at the prospect of the degree of regimentation which he thought would be necessary to control prices, as the Social Crediters advocated. But he learned.

And so will the Minister of National Health and Welfare, if he will just be open-minded. He will learn, too. He will learn there are many things he does not know yet. He will learn the possibility of having a financial system which will reflect our actual power of producing goods and services.

I suggest, in closing, that the minister should honestly and sincerely, as part of the heavy task his position entails, begin a conscientious

study of social credit, and that before very long he come in prepared to recommend to the house that it introduce social credit.

Mr. COLDWELL: I understand that the ministry is setting up some organizations in the provinces across Canada to deal with welfare work, and that he has some agreements with some of those provinces. With what provinces have agreements been made? Have you had any offers of cooperation in order to prevent duplication of work in the provinces and, if so, from what provinces?

Mr. CLAXTON: Agreements have been made with Nova Scotia, Manitoba and British Columbia. I do not know of any special offers of cooperation by the other provinces. When I made a trip across Canada in February and March of 1945 to help with the institution of family allowances and the establishment of offices I discussed lines of cooperation with every province, but the details were not discussed at that time. Since then these three agreements have been made and I think there are working arrangements on an informal basis with every province. I do not know of any respect in which there has not been cooperation by any provinces, but these are the only three with which agreements have been made. We are still working out how the matter will be dealt with in all the provinces.

Mr. COLDWELL: Have you had an offer of agreement from Saskatchewan?

Mr. CLAXTON: I do not recall any offer of agreement. In my discussions with them there were offers of cooperation on both sides, by me in connection with their problems and by them in connection with ours.

Mr. COLDWELL: There has been no discussion of an agreement to avoid duplication?

Mr. CLAXTON: I do not know of any. We are doing everything possible to avoid duplication where these services can be furnished on an adequate basis.

Mr. COLDWELL: Is it not true that Saskatchewan has an adequate welfare department?

Mr. CLAXTON: That certainly would receive consideration.

Mr. MERRITT: Will the minister give the projected breakdown of the publicity item for the coming year?

Mr. CLAXTON: The total estimate for 1946-47 is $150,000. There is being provided for pamphlets for distribution largely through family allowance regional offices as follows:

Family allowances—a children's charter, reprint, 200,000 in English and 75,000 in French, $5,000.

[Mr. Blackmore.]

Four leaflets dealing with child training, child care, child feeding and wise expenditure of family money, $6,500.

Family allowances, picture booklet for external distribution and display, $560.

Mr. FRASER: What does the minister mean by "external"?

Mr. CLAXTON: Outside the Department of National Health and Welfare, for distribution to other agencies. I did not mean external to Canada. The next items are:

Motion pictures—	
Family allowances and welfare ..	$15,000
Child training, for use in women's clubs, et cetera	15,000
Film strips—	
Wise expenditure of family money	1,800
Child care	1,800
Child feeding	1,800
Graphic or cartoon sheets for insertion in family allowance cheques, four planned for year..	12,000
Colotype posters in two colours, four planned for year	12,000
Posters in four to six colours on general theme: family allowances will help you supply your children with better food, clothing, shelter and medical care	2,000

I hope it will not be considered that the next item was included in anticipation of the budget because actually it was made up in November, long before there was any possible indication as to what the budget would be or when it would come down. It is an item of $25,000 to cover newspaper advertising in connection with family allowances and income tax. It must not be thought that because this item was included there is to be any change. The item was included in anticipation of the need that would arise should there be a change. If there is no change in the relationship a large part of that money will not be spent.

The next items are:

Spot advertising to meet emergencies ..	$4,000
Radio: distribution of recoridngs on child care and training in a family allowance series to forty private stations in a twelve weeks series	10,000
CBC semi-weekly programme, four months	9,600
Special writing, radio scripts, et cetera	2,000
Indians and family allowances—	
Family allowances and Indians	10,000
News clip for commercial distribution	2,000
Simple leaflet, family allowances and nutrition	1,000
Film strips	2,000
Purchase of film strips projectors for use in educational programme.....	200
Special writing, Cree translation, et cetera	200
Unallocated	10,540

The last amount is available for use in conjunction with the regional offices to meet local needs as they may arise. For example,

a local rumour may start up with regard to family allowances which may cause misapprehension and sometimes it is desirable to have a series of local spot announcements or newspaper advertisements.

Mr. MERRITT: On page 2588 of *Hansard* the minister gave us some statistics based on the May, 1946, family allowance payments. How many families in Canada do not participate in the receipt of family allowances?

Mr. CLAXTON: Eight per cent.

Mr. MERRITT: What part of the monthly payment of about $19,000,000 is taxed back in the form of income taxes?

Mr. CLAXTON: That is an exceedingly difficult figure to estimate for reasons which must be obvious. The income position of people during 1946 is not yet known and will not be known for a couple of years, but the best estimate we are able to work out is that the pay-back by way of income tax for 1946 will be about $30,000,000. In other words, about 80 per cent of the family allowances will be retained by parents for the benefit of children and about 20 per cent of the total will be repaid in the form of income taxes.

Mr. ROSS (St. Paul's): There is an item of $300,000 for professional and special services; can the minister explain that?

Mr. CLAXTON: That is intended to cover payments to welfare agencies and others in connection with investigational work. The amount spent under this item for the year ending March 31, 1946, was $5,995, so it will be seen that the estimate is greatly in excess of what was needed last year. However, it must be understood that the system has not been completely established.

Mr. ROSS (St. Paul's): Last year the item was $50,000 and this year it is $300,000. Why would it be under family allowances?

Mr. CLAXTON: It is an expense exclusively in connection with family allowances.

Mr. ROSS (St. Paul's): It should not be under that item alone; it should be under many other items.

At six o'clock the committee took recess.

After Recess

The committee resumed at eight o'clock.

Mr. ROSS (St. Paul's): Before the recess I asked the minister about the matter of the $300,000 for professional and special services. I think he said it came in the welfare branch. I notice in the welfare branch there is $5,000 for professional and special services. Would the minister give us a little more information about that? I do not think it should be down here in the family allowances branch if it is meant for welfare.

Mr. CLAXTON: The item of $300,000 set down here is, as I said before the recess at six o'clock, largely to pay for services in connection with investigations into family allowance payments. That surely should be under the head of family allowance administration and not under any other head.

Mr. ROSS (St. Paul's): What professional people would be required in connection with investigations under family allowances?

Mr. CLAXTON: In the case of the three provinces I mentioned it would be a payment to them. In the case of other services it would be a payment for welfare agencies' work, work by various provincial organizations and others in connection with the possible misapplication of family allowance payments.

Mr. ROSS (St. Paul's): What kind of professionals would be employed?

Mr. CLAXTON: Almost entirely it would be paid in respect of services like those of welfare workers, either aranged for through the provinces or directly with welfare agencies or with the welfare workers themselves.

Mr. FLEMING: Taking up the last point referred to by the hon. member for St. Paul's, with all due respect I think the explanation given by the minister is anything but clear. I refer back to the explanation which the minister gave respecting a similar item on December 15, 1945, as reported in *Hansard*, at page 3606. He said:

> The professional assistance for which the amount of $150,000 is provided is in the form of investigations, supervison, welfare workers and similar work of that kind. We are beginning to make fairly heavy expenditures in this connection, but we have not come anywhere near the sum mentioned. That is the type of assistance we mean, social workers and the like.

The item has now doubled, although, if I followed correctly the minister's explanation before the dinner recess, only a very small part of the $150,000 appropriation has been used; I have just for the moment forgotten the figure, but according to my recollection it was very small. With all respect to the minister, his explanation is very hazy and indefinite. I question if there is an hon. member present who really knows now, after hearing the minister, what this money is to be used for. If, on the one hand, it is intended to assist the provinces to provide certain forms of social service, let us know that, and how it is to be divided among the provinces. If

it is to be left in the hands of the department to be disbursed at will on social services, we are entitled to know what social services this dominion is embarking on, and we are entitled to a much clearer explanation than we have had of this item of $300,000.

Mr. CLAXTON: In this connection I should like very much to anticipate more accurately the kind of developments that are likely to occur. But the hon. member should appreciate that we are working this out. When we began, back in July 1945, the administration of family allowances we had no experience in Canada to go on in connection with services of this kind, that is investigation of cases, except, in the federal sphere, the expenditures in connection with payments of dependents' allowances and payments under the dependents' board of trustees. On the basis of that experience we made in November an estimate of the cost of investigations, and if we are high in that estimate, as we appear to be, I think hon. members should be pleased at that result. It is impossible so far to do anything more than to say that it looks now as if the estimate of $300,000 is high for this particular year. We have not been able to institute the services necessary as quickly as we had hoped, and we have not found it necessary to institute services of the kind which we thought we would need when we began. Our experience has proved to be very different from what was anticipated. That is shown, I think, by the figures I gave the committee this afternoon. The expenditures on account of this item, of just under $6,000 for the year ended March 31, 1946, are small in comparison with the item. We hope that the expenditures in 1946-47 will also be small in comparison. But if, owing to one circumstance or another, a large number of cases is reported to us requiring investigation we want to be prepared to make an adequate investigation of them. These cases cost about $5 each to investigate. It can be seen, by dividing the figure of $300,000 by $5, that it provides for the possible investigation of 60,000 cases or something of that magnitude. That number was worked out on the basis of the experience of the federal and provincial governments in connection with other administrations. It now looks as though the estimate may and probably will be high; but, if it proves to be the case that is something for which we should express satisfaction. However, we felt it our duty to seek from parliament an estimate sufficient to cover this expenditure if it should be necessary.

Mr. FRASER: Who does the investigating?

[Mr. Fleming.]

Mr. ROSS (St. Paul's): I still do not think the explanation is a satisfactory one. We have had a certain amount of experience in connection with family allowances, and $150,000 was put down for this work. Of that $150,000 only $6,000 has been spent. All I have to say is that if the rest of the estimates are as accurate as this is—that is, $300,000 is asked for when only $6,000 was spent before—there must be something wrong with the way in which these estimates are prepared. It seems to me that we should not vote this $300,000 until we know a little more about it.

Mr. CLAXTON: The estimates were worked out on the basis of the information we had in November, 1945. Hon. members should appreciate that in an administration of this kind one is face to face with two stages of the problem. The first was to get everyone registered and get the payments out, which was quite an administrative job, and the second was to set up the machinery whereby, in so far as it was necessary and no further, we could conduct investigations into those cases where it was reported that the family allowance payments were not being applied for the purpose set out under the act. We took those jobs in order. We did not set up an investigatory staff before we started making payments; we had enough to do getting staff and space and making the arrangements necessary to make the payments. But as far back as six months before we made payments we started planning for the investigation, looking into the records and experiences of other government services and into the records of the provinces, and on the basis of that examination we arrived at this figure which, as I say, is based upon the idea that there might have to be something in the neighbourhood of 50,000 to 60,000 investigations at approximately $5 each, plus some additional sums for administration.

If we do not have that experience, if we do not have that number of cases of misapplication reported to us, then we shall save the difference in the money; but we made our estimate on the basis of past experience available here and elsewhere, and if we find in consequence of one thing or another, that Canadian mothers use their family allowance payments more properly for the benefit, the welfare and the health of their children than was anticipated, thus requiring less investigation, then I think it is a gain to the people of Canada.

Mr. ROSS (St. Paul's): The minister says it is based on their experience. Well, his experience is represented by some six thousand dollars. It seems extraordinary to me, in view of the fact that there are 1,420,000

families and we have to investigate 60,000 to see whether they are doing the right thing or not. I still think, as I said before, that if the rest of the minister's estimates are as accurate as these they are not very accurate.

Mr. BRACKEN: Listening to the discussion of the last few minutes, I gather that the minister is asking for one item under the family allowance division, the item of professional and special services, a sum amounting to $300,000 for this fiscal year. I gather from his answers that only $6,000 was spent for this purpose in the last fiscal year and he has explained that his estimate is based on about $5 for each of these special investigations, which would represent 60,000 cases. Hon. members have questioned the necessity of so much money—$300,000—this year when so little was required last year. In that connection it would help us if the minister could say how much has been spent for this purpose in the first two months of this fiscal year. Nearly three months of the present fiscal year have passed. How much under this item has been spent in the first two months which were concluded three weeks ago?

Mr. CLAXTON: The arrangements necessary to provide for full service are still being worked out. Sometimes the work of investigation is done by a limited number of persons of our own staff. For example, in Prince Edward Island, where there is a total of some 12,000 families in receipt of family allowances, it has been found that in view of the conditions prevailing in the community, it is possible for the regional director of family allowances personally or through a reliable employee to conduct a very large part of the work of investigation. Whether or not it will be necessary to supplement that with a service which will have to look to this vote of $300,000 remains to be seen. So far we have found that our experience is so much better than that anticipated that the appropriate part of this sum of $300,000 applicable to Prince Edward Island would be very small indeed, if in fact amounting to anything.

In connection with Nova Scotia, an arrangement was worked out with that province under which it has agreed to make investigations in consideration of a payment of $5 each, and because conditions were unusual in Nova Scotia it was agreed that there should be a guarantee of $1,050 a month. I must say that, had we delayed making the arrangement with Nova Scotia a little longer than we did, it is at least possible that we would not have agreed to that minimum guarantee, although that seemed necessary in order to enable that province to do the work we estimated would be necessary.

Here hon. members must realize that we are in process of working out something totally new except for our experience with dependents' allowances and the dependents' board of trustees; and there is an important point of difference, in that in respect of virtually all the families where there were dependents or beneficiaries under the dependents' board of trustees provisions, the main breadwinner of the household was the husband, who was away from home. Here we were faced with a different social problem; the circumstances of the war created different social conditions. We are now engaged in trying to work out, on the basis of our own and others' experience, a system whereby we shall be prepared to investigate, just as economically and as effectively as possible, with the least disturbance to the individual, so that as far as possible there shall be an avoidance of duplication of services provided by the provinces. We have not yet had a full year's experience, and in regard to these services there is no province in respect of which we have had experience for any considerable length of time. We have had the experience of only part of a year and on the basis of that experience we are having to work along.

The item of $300,000 is based on an estimate of possibly 60,000 cases at an average cost of $5 a case. That did not seem too much in view of the fact that there are 3,333,000 children in respect of whom family allowances are being paid, and almost a million and a half families. If it turns out that our estimate has erred on the side of excess, then, of course, the expenditures will not be made. But we are not in a position yet to say that this is the case. We feel that the public of Canada would want to see that, while there is no police investigation from door to door, yet there is adequate machinery provided for the investigation of such cases as are reported where there is an apparent misuse of funds, and we want to be in a position to provide that service where it is necessary.

Mr. REID: When the bill was under discussion did the minister not say that he would set up voluntary committees all over the country who would see that the money is well spent? I think I remember the minister saying that. There is a great deal of truancy in certain provinces. I was wondering whether school attendance had increased since family allowances had come into effect. When the bill was before the house the min-

ister said that attendance at school was a primary requirement for a parent to receive assistance under the act, and that the allowance would be cut off from parents who did not send their children to school. I should like to hear something in substantiation of that because $250 million is a great deal of money. I am going to check up to see whether the minister did say that voluntary committees would be set up free of charge, and that when cases were reported to the minister those committees would find out if the children were attending school and would report back to the minister and the parents would be denied their allowance. This large item is now going through, and the amount will increase.

Mr. CLAXTON: What the hon. member for New Westminster has in mind and what I had in mind when the bill was put through the house last year was a provision under section 6 of the act which provides that if any person is dissatisfied with the decision as to the right of allowance an appeal may be made to a tribunal to be set up under the act. It is planned that these tribunal committees will be voluntary. I think that is what the hon. member has in mind. These committees have not yet been set up. There has been only one appeal from a decision of the administration, and it has not yet been found necessary to set up these tribunals, but we are in process of doing so. In fact only last week regulations regarding appeals, provided for by P.C. 2316, adopted on June 7, 1946, were filed in the house. The hon. member is quite right when he says it was provided that voluntary committees should be set up which would hear appeals and advise on the administration. We are ready to set them up and have just recently adopted the regulations necessary to do so. The delay has been occasioned by the fact that only one appeal, fewer than we anticipated, was filed, and in this respect we are much better off than we had hoped for. Therefore we felt that we should work along a little longer to see what the exact nature or functions of these appeal tribunals or committees would be, how often they would have to meet, where they would have to meet, and what kind of procedure would have to be laid down for them to follow. Therefore we deliberately delayed adopting the regulations because only one application for an appeal had been made with us, and we thought it was advisable to get the benefit of additional experience before setting up our tribunals or committees.

[Mr. Reid.]

Mr. BRACKEN: A moment ago I asked the minister a question, and in all deference to him he did not answer it. The item before us is one for professional and special services, $300,000, to be spent this year. I have not heard anybody object to approving whatever funds are necessary for this purpose; but I have heard some honest questionings as to whether $300,000 is needed. The basis for these honest questionings of members is that last year only $6,000 was spent. The minister's excuse now for asking for $300,000 for this year is that he has not had a full year's experience at this work and does not know what he may require. I suggest that it is almost a year since the department started this work, and certainly within the first three months of this fiscal year the department ought to know what it spent on this particular item. That is the information I asked for. The minister ought to be able to supply it for at least two months of this fiscal year. If the minister would give hon. members some idea of what the government has found it necessary to spend on this item up to this time, they would know what more is needed for the remainder of the year.

Mr. CLAXTON: The item of expenditure for the year ended march 31, 1946, was, as I gave it before, $5,995, or just under $6,000. The approximate amount of expenditure for the first two months of this year is in excess of $5,000. It was suggested by an hon. member behind me that we did not spend anything on this the year before, and that is quite true. In other words, that service is just being set up. Hon. members should appreciate that this is an expenditure which is made only as it proves necessary. We expect that it will grow with the institution of effective services across Canada; but our experience so far has indicated that it is unlikely to grow to anything in excess of $300,000. That figure was arrived at in the way I have described. It seemed to be a fair estimate. If we do not spend that amount hon. members should be satisfied with the result.

Mr. BRACKEN: I do not think the minister ought to expect approval by the committee from what he has said. What the minister has said is that in the first months of this fiscal year the government has spent only $5,000 on this item. That means that for the next ten months they are asking for $295,000. With all due respect I suggest that the minister ought to go back and reconsider this item. I am sure that the committee will be glad to vote him whatever fund is necessary, but he has not given sufficient justification for asking for $300,000 for this item this year.

Mr. BRYCE: Is any of this extra money to be used to increase pensions for the blind?

Mr. CLAXTON: No.

Mr. BRYCE: Does the minister contemplate increasing their pensions in the near future to take care of the increased cost of living?

Mr. CLAXTON: That will be dealt with in the next item, which deals with old age pensions.

Mr. BRYCE: I am in the unfortunate position that if I wait until then I shall miss my opportunity of asking these questions, and that is why I ask them here. I have to go to a committee at nine o'clock, and I should like the privilege of asking the questions now. I think it only fair that I should be allowed to ask the question. I am doing the business of the house.

The ACTING CHAIRMAN (Mr. Golding): We are on item 229.

Mr. BRYCE: Perhaps the minister will let me ask it, anyway. I want to know if it is to be the policy of his department to continue paying family allowances to Indian fathers and mothers, as they have done during the last year, where the money has been spent in a proper manner for the benefit of the children. On different reserves it has been rumoured that you are going to take away that privilege and pay the allowance in kind. I think this is one of the few times we have been able to show the Indian that he can be a responsible citizen in this country; and as long as the money is spent in a fit and proper way I believe the department should continue to pay it. If it is not properly spent, of course, it is all right to take it away; but give the Indian a good chance and I think he will spend it properly.

Mr. CLAXTON: That is the policy of the act and of the department.

Mr. ROSS (St. Paul's): Following up the statement of the minister that $5,000 had been spent in the first two months of this year, I wonder if he would give us the number of cases investigated.

Mr. COLDWELL: Might I just say that I entirely agree with the leader of the opposition. I do not think we should pass this item of $300,000. If last year we spent only $6,000 on this service and have spent only $5,000 in the first two months of this fiscal year I do not think the committee should pass an estimate so much out of line with the probable expenditure. It is asking too much of the committee. I believe the minister should withdraw the estimate and bring in something which he considers more within the bounds of probability. If the committee allows this kind of thing to be done we might have the departments putting in guesses and not making the sort of estimates we expect to be made for presentation to the committee. Certainly I support the leader of the opposition very emphatically in asking that this estimate be withdrawn and placed before the committee on a basis which will more nearly approximate the expenditure.

Mr. ROSS (St. Paul's): Would the minister answer my question? How many cases?

Mr. CLAXTON: Approximately one thousand.

Mr. COCKERAM: I had a series of questions on the order paper with regard to the administration of this act, and on May 13 they were passed as an order for return. That return was brought down later. Questions Nos. 7 and 8 were answered as follows:

7. How many investigators are employed under the act, and what number employed in each province?

The answer was:

Varying numbers—usually one or two—of employees from each regional office staff are assigned from time to time to do field investigations. This work is intermittent and is supplementary to the usual investigations made through correspondence.

The next question was:

8. What was the total cost of investigations for the first six months of operation of the act?

The answer was:

Since the employees referred to in (7) are members of the regular staff of regional offices and have other duties it is not possible to apportion the costs of investigation carried on by them. In the period July 1 to December 31, 1945, the province of Nova Scotia was paid $2,385 to carry out investigations in respect of family allowances.

It seems obvious that the only cost is the amount of money paid to the provinces in this connection, and I agree with my leader and with the hon. member for Rosetown-Biggar that this item should not be passed. Later on, I intend to go into the manner in which this question was answered; but here is a case where, in reply to a question by a member of this house, certain figures were given showing that for a period of six months the cost of investigational work was $2,385. To-day we are asked for $300,000. It does not make sense. Later on, I hope to show that a great many of the figures submitted by the minister are incorrect.

Mrs. STRUM: How many additional children do we expect to pay family allowances to

because of the return of soldiers from overseas? Could the minister give us any idea how many such children there will be?

Mr. CLAXTON: Under the act the children of soldiers coming back from overseas become entitled to the family allowance immediately upon their return to Canada. I have not the actual figure of the number of children born to soldiers overseas, but I would estimate it to be something of the magnitude of thirty thousand.

Mr. LOW: I strongly urge the minister to reconsider this item for investigational services. I am sure he would not want hon. members to get the impression that he is padding any of his estimates, but I get that impression very strongly, judging by the explanation he has given in regard to this item. I will say this, Mr. Chairman, that if the item is not withdrawn and revamped more in line with the actual possible expenditure for that service. I am going to have to move that the item be cut to, say, $30,000.

Mr. FRASER: The minister said he had an agreement with Nova Scotia. With what other provinces has he agreements?

Mr. CLAXTON: That has been given already; with Manitoba and British Columbia.

Mr. FRASER: This afternoon the minister said there were treasury officers in each division. Are they paid by the minister's department?

Mr. CLAXTON: No.

Mr. FRASER: They are part of this service in connection with the family allowance, are they not?

Mr. CLAXTON: They make payment of the cheques.

Mr. FRASER: Yes, I know, but that is not charged to the minister's department.

Mr. CLAXTON: Oh, no. The treasury officers who make the payments are paid out of the estimates of the Department of Finance. I gave an estimate of the amount this afternoon.

Mr. FRASER: Yes, I know, but what I am getting at is that while you have these officers in your divisional headquarters making payments, and while they are part of this family allowance set-up, you do not charge their cost up to your department, where the cost rightly should be charged.

Mr. CLAXTON: No.

Mr. FRASER: Well, that should be done.

[Mrs. Strum.]

Mr. CLAXTON: That is not the way it is or should be done in any department. There is an officer of the comptroller of the treasury, and a staff in every department, as the hon. member knows.

Mr. FRASER: Yes, I know.

Mr. CLAXTON: When I gave the details on the expenditures under family allowance administration this afternoon I was careful to specify the part applicable to family allowance administration under this department, that under the Department of Public Works, and that under the treasury. They were given in three separable items, as the hon. member will see in *Hansard* for to-day.

Mr. FRASER: Yes, but do you not think in the set-up for the administration of family allowances the cost of the treasury officers should be charged to the minister's. They are part of the scheme and set-up, and this department should bear the cost. It is passing the buck to another department.

Mr. CLAXTON: No, it is not passing the buck at all. The administration of family allowances has to expend money. That money is spent, and the machinery for spending it is provided by the officers of the comptroller of the treasury in this as in all other departments.

Mr. FRASER: Yes, but they have to increase the number of their officers in order to look after your department.

Mr. CLAXTON: Yes, of course.

Mr. FRASER: What was the increase?

Mr. CLAXTON: That is a question the hon. member would have to ask the Department of Finance. I gave an estimate of the cost of administration in an ordinary year after we took care of the backlog: for health and welfare, $1,850,000; for public works, $80,000; for the treasury, $1,944,000.

Mr. COLDWELL: The minister mentioned Nova Scotia, British Columbia and Manitoba. What is the nature of the agreement with these provinces? Does it involve the payment of money?

Mr. CLAXTON: Yes.

Mr. COLDWELL: Can the minister outline the arrangement?

Mr. CLAXTON: Yes, indeed. The agreement provides for the provinces making, through their appropriate agencies, investigation of cases referred to them by the family allowance administration, in consideration of a payment of $5 per report as an over-all fee.

That report is sent in to the family allowances administration. That figure was worked out after the experience of the dependents' board of trustees.

Mr. COLDWELL: Is that the extent of the payment to the provinces?

Mr. CLAXTON: Yes, except that in the case of Nova Scotia which made representations that they could not do this service without being assured of certain revenues because they did not up to that time contemplate or plan to do this kind of service, they had a guaranteed payment of less than $1,050 a month.

Mr. COLDWELL: There you have a commitment out of this fund of $1,050 a month.

Mr. CLAXTON: For Nova Scotia.

Mr. COCKERAM: And only $2,385 for the first six months.

Mr. COLDWELL: How is the payment for two months to all the provinces around $5,000? Are there any other investigations?

Mr. CLAXTON: Yes, of course there are. But I think the hon. member is perhaps expecting too much in respect of the speed with which the accounts are rendered for investigations.

Mr. COLDWELL: I can see that.

Mr. CLAXTON: You see, we are in a pretty narrow range of time for a very large-scale operation. Payments began in July, 1945. Then, in November, 1945, after we had been making payments for four months, and before we had arrangements with any provinces, we arrived at this estimate of $300,000 as the figure which was proper to be set as a charge for investigation.

I shall be glad to tell hon. members how that figure was arrived at. It was arrived at on the basis of investigations of something like 50,000 to 60,000 cases a year. That is, 50,000 to 60,000 cases out of 3,333,000 children or about 1,500,000 families. Relative to families, this represents about three per cent of the families in receipt of family allowances.

I believe those who are familiar with the records of child welfare organizations, of the dependents' board of trustees and of children's allowance administration, say that about three per cent of the cases are cases requiring investigation. That does not mean that three per cent of the cases are cases requiring diversion of payments. It simply means that three per cent of the cases are those requiring investigation. It was on that basis that the figure was worked out in November, when the estimates were prepared.

Meanwhile we were endeavouring as quickly as possible to create machinery under which investigations could be handled. As the hon. member has said, at the outset this was very largely done through our own staff. One or two members in each office would investigate cases which were brought to the attention of the staff. Since then, we are appointing welfare supervisors in each office. Since then, we have made arrangements successively with the three provinces of Nova Scotia, Manitoba and British Columbia. But we have not yet made arrangements with the provinces having the greater proportion of the population of Canada, namely Quebec and Ontario, nor have we yet the kind of alternative facilities which would be necessary to do a complete job there.

Just as soon as Manitoba and British Columbia begin rendering accounts in respect of services which they have rendered, these items of $2,235, as mentioned by the hon. member or $5,000 as mentioned by me, will start stepping up very rapidly, until we are in a position when adequate service is being rendered in all parts of Canada.

It is because I have to present these estimates on the basis of inadequate experience, during the period of rapid growth in this service, that hon. members—quite justifiably I think—have been asking the questions which they have been asking. However, I hope this explanation will indicate to them that, while we hope this figure will not be necessary, and while we believe it will not be necessary, it is still the kind of figure which, on the basis of past experience, should be set in; and that the plan is the best kind of plan that can be arrived at to do the job we have in mind.

We aim to do it just as rapidly, as sensibly and as economically as it can be done. But I would hope that hon. members would feel that if the sum of $300,000 were not spent, this was a good thing, provided that we furnish the services desired. We aim to produce these services as soon as possible. As I say, they have been moving along stage by stage, and there has not yet been a month in which we have received accounts even from the three provinces with which we have made arrangements.

Mr. COLDWELL: There are three provinces with which the department has made arrangements, but there are six provinces where there are no arrangements. In those six provinces someone must be looking after cases of this sort for investigation. Who is doing it now? Surely the department knows what it is costing to do that in these six provinces. Who is doing it? There is no question of rendering accounts, as in Manitoba,

British Columbia and Nova Scotia, because the department itself is doing the work. What has been the experience in these provinces with, as the minister says, the largest population?

Mr. CLAXTON: There is no item for these expenditures in the other provinces because, in so far as these services are necessary, and have been proved necessary, they are being done by people on the staff of the administration as part of their ordinary employment. But, as I say, that is not involving a number of people sufficient to give the kind of service we would like to see given.

Mr. BRACKEN: I am rising for a third time on this item—and I hope it will be the last time. I do so for the purpose of making a suggestion which I hope will be accepted, and which I believe will expedite the passage of the minister's estimates.

From all the information we have, in the first two months of this fiscal year he has required for this purpose $2,500 a month. He is asking, for the remaining ten months of this year, $29,000 a month. Hon. members over here question the necessity of an estimate of this size. The minister himself questions it. My suggestion—and I make it in all deference—is that the minister should say, "We will go back and review this matter. We will look at it in the light of present facts, to date, and come forward with a revised estimate." If that were done I am sure the committee would pass it. But let me say this to the minister, that if hon. members get the idea that that is the way in which his estimates are put together, they will not have confidence in the way in which these tables have been set up. That is all I have to say about the matter at the moment.

Mr. CLAXTON: I should like to be able to avoid the necessity or repeating what I have already said with regard to the way in which these estimates were prepared. On the basis of the three per cent estimate, which I believe is recognized as valid by workers in this field, this figure was arived at. Our experience in the past year has been only a partial experience. Our experience, except with one province, is not complete. We have not had accounts from the other two provinces, and we have not had arrangements worked out with the other provinces with regard to investigations in those provinces because it has not yet been decided how that problem will be met.

It seems to me that that is justification for having arrived at the estimate we did in November when these estimates were put forward. In the light of the knowledge available then, how could we conscientiously ask for any less money in view of the experience in other fields? If our experience in this field is better than that which has obtained in other fields we shall be glad indeed to look again at the whole situation. It will be continuously under review. I am quite prepared to have another look at the thing, as the leader of the opposition has said, in order to see what reasonably can be expected to be needed this year in view of our experience. But I would tell him again that, in view of the arrangements that remain to be worked out and the fact that we are at the stage of setting up services, it will be difficult indeed to make an accurate financial computation. Judgment factors will have to enter into it, but I think, on the basis of what has happened since November, it is possible to arrive at a better judgment factor than it was then. I shall be glad indeed to consider the thing in the light of the discussion we have had.

Mr. COLDWELL: When the minister is dealing again with this item I would like him to tell us what is being done in the other six provinces. It seems to me that, if arrangements were worked out with the provinces which have a department of public welfare or a department of that description, it would eliminate the necessity of setting up some other organization. In discussing this matter to-night the minister has said that we are in the process of doing this, that or the other and it seems to me that when the minister comes back again he should be able to tell us that negotiations have been undertaken with the other provinces where they have the necessary facilities and that such and such an arrangement has been worked out. It strikes me that the arrangement made with Nova Scotia is an intelligent and satisfactory sort of arrangement if they have a department that can do the work. The same thing obtains with regard to British Columbia and Manitoba. We all know that Alberta has an efficient department, as have Ontario and Saskatchewan, and it seems to me that it would be wise to endeavour to work out a plan whereby the departments already set up in the various provinces would undertake this work and prevent duplication all across Canada.

Mr. HACKETT: Has the minister any information concerning expenditures and investigations in the provinces with which no agreements have been made? I wish also to ask him if in his opinion members of parliament and lawyers have the right to represent people who have been unable to get any satisfaction from the department. I want the minister to understand that while I have written to

him I realize that he has not had time to examine the matter and reply. I make no complaint about that. I wrote to him about a case where the parties had been writing to the Quebec office of the department for something over six months and had been unable to get any satisfaction whatever. I took the matter in hand and I did not get any satisfaction. I then wrote a rather earnest letter and I was informed, in courteous terms, by the head of the department in Quebec that under some order in council or regulation the records were considered to be private and could not be discussed with members of parliament. No mention was made of lawyers, but I inferred that they were included. I should like to know if there is any such regulation and whether or not the minister considers the answer I received a proper answer to give to a member of parliament who endeavours to come to the rescue of constituents who have not received for some months the bonus to which they are entitled?

Mr. CLAXTON: Under regulation 19 it is provided that no person shall disclose or communicate or allow to be disclosed or communicated any information or evidence obtained under the provisions of the act and these regulations unless the same is necessary for the administration thereof or is required by law. To the best of my knowledge that provision is strictly enforced, but it does not prevent members from taking up cases to make sure that the parties concerned are receiving consideration from the regional office, from the department or from the minister.

If the hon. member has received any communication along the lines he suggests I can only reply that probably the occasion for that refusal to disclose information would arise because there was something in the case which required that answer to be given. Ordinarily members' letters are replied to courteously by either the department at Ottawa, the regional office of myself. The matter is looked into and, when possible, action is taken at once. An effort is made to answer correspondence on the day it is received, or on the following day, and I think in only a small minority of cases is there any delay. If there is, it is on account of the fact that there must be some further investigation and the correspondent is told about that.

While the secrecy provision is there and while it is observed, it certainly does not prevent hon. members from making representations to see that cases are adequately considered. Those representations are carefully considered.

Mr. HACKETT: I am not complaining of any lack of courtesy; I simply want to know how far this matter of secrecy goes. I understand that these records are private, but I should like to know if when a lawyer receives a mandate from a client, when a member of parliament writes in at the instance of a constituent, the minister would interpret the opening of the record to such lawyer or member as a violation of the secrecy under which the work is carried on. I think we should be clear on that because, if he does, it will undoubtedly give rise to some consideration of the wisdom of revising the rules and regulations.

Mr. CLAXTON: In answer to the hon. member for Stanstead I must say that I have never had drawn to my personal attention any case in which a refusal to give information on the grounds of the secrecy required under the act was protested against. If the hon. member has such a case I would be only too glad to see that it is brought to my personal attention and I will look it up. I know that on a number of occasions regional directors have refused to give information, on grounds of secrecy; and I think that where it has been done it has usually been recognized that that is the right course to follow. I have never heard of any case in which there was a protest against that action being taken. In the ordinary course where, a member writes in, the usual kind of letter is, "Mrs. So-and-so filed her application for family allowance on such-and-such a date. The regional officer says it has not a record of the filing on that date. Would you please look into the case and see if it is not possible to give effect to the filing from such-and-such a date?" There is a well-recognized procedure in that event. If there is at the office a record which can be traced which shows the date of filing, then that is the effective date. If that cannot be shown, and there is some evidence by way of affidavit or otherwise which is reliable, then the filing of the application is dated back to that date.

Mr. HACKETT: I am quite positive that the minister will deal with this specific case, which I mentioned only for purposes of illustration, and I want to put that aside. What I want to know is, does the rule of secrecy preclude a member of parliament or a lawyer from acting on behalf of the person who is complaining?

Mr. CLAXTON: No.

Mr. HACKETT: Thank you.

Mr. MACKENZIE: On a point of order, the minister said that this item would stand. I have never seen any further debate once the responsible minister suggests to the committee of the house that the item stand; it means that the item is to be considered or reconsidered; it means that the item comes back to this committee for consideration and reconsideration. Therefore I think the item automatically stands over once the responsible minister suggests to the committee that it shall stand.

The ACTING CHAIRMAN (Mr. Golding): I think the point raised by the Minister of Veterans Affairs is quite correct.

Mr. MACKENZIE: Call the next item.

The ACTING CHAIRMAN (Mr. Golding): The suggestion was made that the item should stand; the minister consented; the item will again come up for consideration; and I would suggest that this item be now allowed to stand.

Item stands.

Welfare branch—
229. Administration, $47,410.
Payments of dominion's share of pensions, $34,538,200.

Mr. BLACKMORE: Under item 229 I notice that old age pensions are to be considered. I desire to make a few remarks regarding old age pensions. On several occasions in this parliament I have advocated that $50 a month be paid to people who have reached the age of sixty-five years, and I wish to make that request once more to the minister, that he give consideration immediately to the possibility of offering $50 a month to people who have reached sixty-five years of age.

My feeling is that the way in which we are treating our aged people is a reflection on the whole of the people of Canada. It is high time that something be done about it more than just talk. The social credit movement has committed itself to $50 a month for people who have reached the age of sixty-five. This is by no means the ultimate goal at which social credit aims. It is the limited objective, the next trench which we at present aim to take and consolidate. Let no one suppose for a moment that social credit is in favour of stopping at the relatively meagre pension of $50 a month at sixty-five, because we simply have no right at all to offer our elderly people anything less than they can live on comfortably. Certainly no ordinary person could live comfortably in any ordinary Canadian community on $50 a month, let alone the thirty measly dollars we are giving them.

When this subject was last under discussion I believe the hon. member for Vancouver East made a motion that something like this amount of money should be paid, and I wish to give him full credit for having made that motion. I supported him on that occasion. The minister at that time made a remark which I believe should be given some consideration. He said, as reported in *Hansard*, April 10, 1946, at page 753:

Further, there is no system of old age pensions in the world which provides for a pension of anything like $50 a month.

I am quite sure that the minister had overlooked what is going on in the state of Washington. I think it would be well for the minister to consider some of the facts which I am going to read to him, from "The Pensioner", published in New Westminster. In the issue of April, 1946, the minister will find the quotations which I give on the first page of that periodical. It says, among other things, these significant things:

There is now . . . no relative responsibility whatsoever.

That is in the state of Washington.

The department is not permitted even to enquire into how much the sons and daughters are earning!

That indicates quite clearly that there is not a means test.

Senior citizens can do what they wish to with any estate they may have!

What a glaring difference there is there between what they do and what we do. Again:

The minimum grant under the law is now $50 for those without resources and income—and that is a floor under grants. Pensioners may, and do, receive higher grants where there is need. Senior citizens found eligible receive their grant retroactively to the day they apply, and it is paid as a legal right of the pensioners.

That sounds something like a paradise for elderly people when we consider what we do here in Canada. Again:

As a result of the W.P.U.'s work, senior citizens—

Notice they call them "senior citizens" there, not old age people.

—can to-day have $200 in cash each, $500 worth of insurance, can own their car, have a vegetable garden, a cow and chickens, and still be eligible. No longer is it a disgrace to be a pensoner; instead it is recognized that senior citizens are the pioneer fathers and mothers of our state, entitled, because of their years of work, to seniority.

That is exactly the stand I take, and I believe that if a confidential roll were called of members of this house, ninety-five per cent of them, regardless of party, would support

that idea. I should like to know what it is which causes it to be impossible for ninety-five per cent of the membership of this House of Commons to be able to get what they want with respect to old age pensions. There is something radically wrong. I believe every member of the house just thrills in sympathy with the statements which are here made.

. . . the pensioners to-day have, in addition to their grants, free choice of doctor and dentist, plus free medicine, free appliances—glasses, dentures, artificial limbs, hearing aids, et cetera, and are entitled to nursing care in their own home.

No member of this house would deny elderly people all these advantages. Yet think of the way we treat them in our country. It positively makes me ashamed to hold my head up when I think of the way this country deals with its elderly people. Again:

. . . the state contributes $100 to each funeral —and relatives can contribute as much additional as they wish without lessening the state's contribution!

I am sure that the minister would be desirous of knowing about that, so that he will not make again such a sweeping statement as he made on April 10. Some hon. members will wonder whether or not this article in "The Pensioner" is authentic. I wrote to the capital of Washington to find out whether or not this was authentic. We received a number of pamphlets, laws, regulations and the like, which it would take too long a time to review, but the gist of them substantiated the report which is given in this periodical. Here is the letter written on April 30, 1946, from the state of Washington's executive department, in which appear the following statements in certain paragraphs:

You will note that to be eligible a person shall have lived in the state of Washington for a period of five out of the last ten years immediately preceding the date of application—

Contrast that with the situation here.

—shall have reached the age of 65, and shall be in need of financial assistance. Persons may own the home in which they live, may retain up to but not exceeding $200 in cash resources, and may have insurance of $500 in value. There is no citizenship requirement in the Washington old age assistance law, neither is there a relative responsibility clause.

Which of course, as hon. members recognize at once, means that a child or someone else who happens to be related to the pensioner and who is in easy financial circumstances cannot be called upon to help to support the father or mother.

In the next paragraph I read:

We are proud of the provisions which have been made for elderly citizens of the state of Washington. It is felt that the way in which the grant is determined as well as the amount which is being paid to individuals is preserving both the morale and the well-being of our elderly citizens.

How fine those words sound.

We are glad that you wrote regarding our programme and hope that you will feel free to make further inquiry.

Cordially yours,
Reatha M. Chance,
(Secretary to the governor)

That, of course, makes it certain that the report is authentic and that actually there is a part of the North American continent where people have learned something about how to treat their elderly folk. I have no desire to prolong the discussion but I thought this matter ought to be brought to the attention of the committee.

There are two or three other matters which should be considered in regard to old age pensions. This afternoon, in the discussion of family allowances, it was contended that it was to the advantage of producers to have purchasing power distributed among the people. Hon. members can contemplate for a moment the difference it means to producers to have $20 or $25 a month going out to elderly people instead of having $50 paid to them. If they were paid the latter sum, how much more coal, milk, cream, butter, cheese, eggs and everything else our elderly people would be able to buy. They could get all these things if they had the money with which to buy them, and if that were the case, what an excellent market there would be right in our own country. This would be the situation if purchasing power were put into the hands of the people. This is an aspect of the question that must be considered.

There is something else that hurts my feelings terribly every time I think about it, and that is whenever I contemplate the tax structure we have in this country. It is next to impossible for an ordinary person, after he begins to earn to lay anything by, because every cent which he does not absolutely need in order to meet his current expenditures is literally robbed from him by a financial system that taxes the very lifeblood out of the people. The result is that our people cannot save. We allow them to go on in that way until they are probably forty-five years old and there is no longer a demand for their services. They cannot get jobs and, even if they do get some employment, they are unable to save anything, so that they continue in that state until they are about fifty-five years old. When we no longer need them we take them out of employment, throw them into the corner and expect them to starve until they get to be seventy years old, when they can

take the meagre pittance which we turn over to them. How can intelligent men and women in an age like this and in a country like Canada contemplate such outrageous mistreatment of elderly people? There is just no logic or sense whatever in the set-up. Because of the taxation structure which exists to-day we must make some sort of provision for our elderly people. There is a fluctuation of employment, which also seriously affects people as they go along. Even if they did manage to save a little, they would presently find themselves out of work and have to spend those savings. How will they live; how will they support themselves when they are too old to find employment?

I will say no more at the present time because I am afraid I shall become rather more animated than I should be on this occasion. I have said enough, but there is one more observation I wish to make before I sit down. I wish to call the attention of the minister and of the committee to this important point. The minister absolutely must get to the stage where he does not have to depend upon the amount of money which he can wring out of the people's pockets in order to obtain the financial requirements for the things he wants to do. I commented on this aspect of the matter this afternoon with respect to the family allowance. There is not a member in this house who would not increase the family allowance to-day by 50 per cent or even 100 per cent. I doubt whether there is a single member who would object to that if the money could be obtained. But it is not a question of money; the question is whether we can produce the goods. Certainly a monetary system should reflect the actualities or realities in connection with the production of goods and services. It is utterly impossible, however, to do this with money that is wrung out of the people by taxation. Obviously, then, something must be done; and for the minister and his colleagues, in this desperately serious time in Canada, to sit by and do nothing about the financial system is virtually a betrayal of the trust which they have assumed in consequence of getting themselves elected at the last election. This condition must not go on. They have assumed a responsibility and must discharge it, and the discharging of that responsibility involves a reform of the financial system which will make that system one that reflects the facts in relation to the productive capacity of the country. Until that is done, it is idle to talk about doing any of the many things that ought to be done, including giving to our elderly people a fair deal after the lives they have lived in making this country a fit place for us to live in.

[Mr. Blackmore.]

Mr. NICHOLSON: I wish to endorse the remarks of the hon. member for Lethbridge in regard to the importance of granting additional amounts to old age pensioners. While he was speaking this afternoon in connection with the $25 a month, I made a rapid calculation and I found that $25 a month for our 11,566,000 people would come to about $3,469,000,000. While ten years ago people laughed at the idea of paying $25 a month, the record during the past four or five years has demonstrated clearly that we could increase the national income according to the plan advocated by my hon. friends. I want it clearly understood that I am not supporting their economic views. I disapprove their anti-Semitic and other queer ideas, but I think the argument that my hon. friend advances—

Mr. JOHNSTON: On a point of order, Mr. Chairman, the hon. member has no right to imply that this group is anti-Semitic. Let him speak for himself.

Mr. NICHOLSON: I was thinking of some of the members of the Social Credit group.

Mr. JOHNSTON: Or even some of them. If the hon. gentleman has doubts about that, those members can speak for themselves.

Mr. NICHOLSON: If we may return to the item before us, I think the minister has a responsibility to the old age pensioners of Canada to give some indication of how soon their pensions may be increased. I have before me the proposals of the government of Canada, prepared prior to the dominion-provincial conference, on health and welfare and a labour reference booklet. In these two booklets I think it is clear that the government recognizes that $20 a month pension for citizens of 70 years of age or over is not adequate. On page 36 I find that aged persons are finding it increasingly difficult under normal conditions to retain their places in the labour market, and this condition is not likely to be reversed in the next twenty-five years. Under the heading, "deficiencies of the present scheme", it states:

> The means test is generally recognized as undesirable after a certain age. It has been noted that about forty per cent of all persons of seventy years of age and over make application, satisfy the means-test requirements and receive pensions. There is little doubt that a very considerable number in addition are not able entirely to support themselves, but are dependent upon their family, and refrain from applying for pensions because of the embarrassment occasioned by the means test.

The minimum age of seventy, though convenient as a dividing line with respect to the payment of any kind of universal old age pension, is nevertheless too high in a number of cases of actual need. A strong case can be made for reducing the age limit to sixty-five in order to provide assistance at least for those in the age group 65-69, who are actually in need.

In the other booklet which I mentioned, the legislation which has been passed in the United States, in Great Britain, in New Zealand and Australia is reviewed, to mention but a few of the countries. In these countries old age pensions are available at sixty or sixty-five years of age, and there does not seem to be any good reason why Canada should be so backward. Having demonstrated during the war years that we could surpass records which were established in many other countries, there is no reason why we might not set a different pattern in the treatment of old age pensioners. The words that we have been hearing so often during the past two or three weeks regarding the matter of consulting the provinces and the powers of the British North America Act have been a convenient excuse for failure to deal with the problem of old age pensions.

I have been reading a booklet prepared by the Department of Labour giving the history of old age pensions in Canada. According to that booklet, I find that in 1906 this question was first brought to the attention of parliament. A motion was introduced suggesting:

That in the opinion of this house the subject of improving the condition of the aged, deserving poor, and of providing for those of them who are helpless and infirm, is worthy of and should receive the early and careful attention of the government and of parliament.

After some debate the motion was withdrawn. Then, in 1908 a special committee was selected. On February 10 the first meeting was held and a chairman was selected. On July 11 it was reported that the committee had managed to have only three sittings. Apparently they were very busy in those days with other matters that were much more important than old age pension legislation. Then, in 1912 a resolution was adopted by the House of Commons which indicated that some progress was being made. However, it was not until the early twenties, when there was a lot of labour unrest and when there were labour representatives in parliament, that the old people received special consideration by parliament. I find that an interesting report was prepared of the proceedings of the committee on an old age pension system for Canada in 1924. Some of the witnesses called gave the story of old age pensions in the states of Montana and Nevada and in Great Britain. Mr. Tom Moore, president of the Trades and Labour Congress, gave some interesting evidence to the committee. On June 17 the chairman of the committee moved that the report of the committee be adopted. In speaking to his motion he made it clear that nothing very much was to be expected. He said, as reported at page 4425 of *Hansard* of June 17, 1925:

Hon. gentlemen will observe that the recommendation involves no expenditure and no responsibility further than the continuance of the idea of establishing in Canada an old age pension system, which the committee think is very desirable, and would like to see it proceeded with.

The hon. member for Cariboo, who was then the hon. member for Calgary East, was as impatient as he is now with this type of stalling tactic, and he moved an amendment as follows:

That this report be referred back to the committee with instructions to consider and report on a purely federal scheme.

Those who did not want to do anything argued that the federal parliament had no authority in this field; that it was clearly a matter for provincial jurisdiction. The hon. member for Cariboo at that time said:

It is surely clear that it would take the same amount of money whether the provinces came in or not, and the taxpayers of Canada are not so foolish as to imagine they pay any less if they pay part of it through the municipalities, part of it through the provincial government and part of it through the federal government.

Those remarks were made in reply to the argument advanced that we could not stand the cost of providing old age pensions. Then, in reply to those who said we could not afford it, he said:

I believe we can afford it; but if it be so that we cannot afford it, let us frankly say so and not continue making a pretence that we are on the way to obtaining old age pension legislation by referring the whole question to a conference.

There was an interesting division at that time, and I find that only seventeen stood up and supported the motion moved by the hon. member for Cariboo. There were 138 against the motion. It is interesting to note that of those who supported him two now sit with the Progressive Conservatives, the hon. member for Broadview and the hon. member for Yukon. The Prime Minister voted against it as did most of the Conservative and Liberal members. But after a while there was an election in Canada; the voters of the country felt that if the people wanted to have old age pensions there was no reason why they could not have them, and the government which took office in the next session was prepared to proceed with and introduce old age pensions.

I might say further that before old age pensions were finally passed the members of the senate considered the matter in 1926. There was quite a heated discussion in the other place. Many were much opposed to the idea of pensions. Speaking in the debate, Senator Ross said, as reported at page 156 of senate *Hansard:*

> Mark you, after this bill had been passed and provided a pension of $240 a year, if I know anything about it, the aged people in this country would not be satisfied with $240, and it would not be very long until the pension would have to be worked up to one dollar a day, or perhaps doubled to $480 a year.

That was twenty years ago. The old age pensioners in Canada are very patient; they are still not receiving the $480 anticipated by the senator who was so much concerned about it. One other senator used almost violent language. He said, as reported at page 180 of the senate *Hansard:*

> Therefore I ask myself the question: in heaven's name, why has the present government displayed such hectic haste in bringing this legislation before parliament in order to fasten upon this country an initial expense of $25 million . . .

That was a large sum of money in those days, and we could not spend such an amount so recklessly. In the session of 1926 I find that some heated discussion took place on the question. Mr. Meighen was then in the house, and as reported at page 2474 of *Hansard* of 1926, he said:

> It is the result of a compact, made at the opening of the house, to get the votes of labour members, and it is not going to get any old age pensions. It was intended to secure votes and it has served that purpose already. I do not know of any much more effective step which might be taken in order not to provide for old age pensions.

He was complaining of the fact chiefly that the late Mr. Woodsworth and Mr. Heaps were supporting the government headed by the present Prime Minister, because that government was prepared to introduce old age pensions. The government which Mr. Meighen would have led was unwilling to travel in that direction. This matter was up in the house the other day, and the Prime Minister correctly stated the fact that there was no compact. The labour members wanted at least two things; they wanted more adequate old age pensions and they wanted some form of unemployment insurance. The record would seem to indicate that Mr. Meighen was unwilling to introduce social legislation of either type, whereas the present Prime Minister was prepared to bring in legislation to deal with old age pensions.

[Mr. Nicholson.]

I was interested in reading the senate *Hansard* following the 1926 election. The first time the Old Age Pensions Act came before the senate it was defeated by an overwhelming majority. After the election, however, when the Act came up the second time, the vote was 61 in favour and 14 against. I was interested in reading the comments of one who stubbornly opposed the introduction of old age pensions on both occasions. Sir Allen Aylesworth. His remarks appear at page 167 of senate *Hansard* for March 24, 1927:

> I voted against the measure last year simply because, as a matter of principle, I personally am unalterably opposed to the whole idea of pensions being paid by the state. We have pensions to the right of us and pensions to the left of us; pensions very plentiful, it seems to me...

I find that the gentleman who uttered these words on that occasion is still a member of the other place. The *Parliamentary Guide* gives his age as ninety-two, and he does not seem to object to the compensation he receives from the taxpayers of Canada as he performs his duties in that chamber. So I think the people of this country who cleared our land, built our railroads and developed our industries, when they reach the evening of life are entitled to much more generous compensation than we have provided up to the present.

In dealing with the estimates of the Department of Justice the other evening, I found that one of the statutory items, passed without comment, provides pensions for some ninety-seven judges who have retired. I understand that later this session we are to have legislation increasing salaries of judges. I am not complaining about the judges being adequately paid, but we do pay retired judges pensions at the rate of $3,608 a year, or over $300 a month; and if it requires over $300 a month for a retired judge to get along on, after he has had a reasonably good income as a lawyer and on the bench, I do not see how our old people can be expected to balance their budgets in the cities and country communities of Canada on the very small amounts we give them.

Then a return was brought down at the request of the hon. member for York South, giving the amounts being paid to all officers retired on pension from the Royal Canadian Navy, the army and the air force since September, 1939. Again I want to make it clear that I am all for providing adequate pensions for all those who served their country in time of war. But the thirty-seven officers in the highest pension brackets receive over $400 a month, while a great many others receive somewhat less. As you look over the return you find some who receive over $6,000

and others who receive over $7,000, while a great many receive between $4,000 and $5,000. Having established the fact that we can and do pay pensions such as I have mentioned to retired judges and retired service personnel, I think the time has now arrived when we should do something better and different for the hundreds of thousands of old age pensioners in the Dominion of Canada.

The booklet I mentioned earlier estimates the amount it would cost to provide pensions for everyone over seventy years of age. This afternoon some constructive suggestions were offered to the effect that there should not be any objection to paying pensions to millionaires or those in the higher income brackets when they reach the age of seventy, because it would be an easy matter to arrange the income tax schedules in order to recover such pensions, just as is done in connection with the family allowance. So that if pensions were paid to all such people in 1948, according to the estimates it would cost only around $200,000,000. Then. if we were to carry out the dominion's plan to provide pensions on a means test basis for those between sixty-five and sixty-nine years of age it would cost another $34,000,000. That would be only $234,000,000, which is a very small amount considering what Canada did during the war years and what we must do during the years of peace if we are to avoid another depression and maintain full employment.

My deskmate the hon. member for Winnipeg North Centre, and my colleague the hon. member for Vancouver East have discussed this question frequently and fully. I do not propose to quote from any of their speeches, but I should like to remind the committee of some of the comments made by the former member for Vancouver-Burrard, now a member of the senate, who spoke on this question on July 24, 1943. I believe some of the things he said should be underlined. At page 5413 of *Hansard* for that year he said:

> But we have neglected to recognize the old age pensioner as a class that is worthy of just as much attention as we have extended to others.
>
> This year the matter came up by way of a question to the minister to ascertain whether or not the cost of living bonus could not be extended to the old age pensioner, and I must confess that I was deeply concerned with the reply that the minister gave, because I believe that in all the social reforms that are facing us today, success in dealing with them is largely a matter of attitude. The attitude of the minister to the old age pensioner seemed to be a repudiation of well established Liberal policy . . .

Later, he quoted from the Minister of Finance, who replied to one of the appeals to do something for the old age pensioners by saying:

> But why grind at the dominion government all the time, with its terrific burdens, and with its deficit of two or three billion? Why drive us, or make it almost impossible for us to carry on at all?

The former member for Vancouver-Burrard quite correctly pointed out that paying a few million dollars extra to enable the old age pensioners to have enough to eat and decent housing should not be a burden on a country the size of Canada; and then at page 5417 he went on:

> Now the minister tells us that it would be a terrible thing if we brought the old age pension up to $30 a month, because probably we would get an increasing cycle of rising prices that would spiral into an inflationary St. Vitus dance. Whoever heard of inflation coming from the expenditures of old age pensioners? Yet that is what we were told here the other night. They are fighting this war in Australia from positions more dangerous than our own, and they are putting everything they have into it just as we are. Does anyone suggest that their old age pensions scheme has injured their war effort or caused them to suffer from inflation? But Canadians are so far behind Australians that it should be an inspiration to us to move onward. The population of Canada is 11,566,000. The population of Australia is 7,000,000, so that we have 64 per cent more population than they have. The number of old age pensioners in Canada, taking the figure for 1942, is 185,000; in Australia it is 275,000. They have invalid pensioners numbering 60,000; we have none in Canada. Pensioners in Canada total 185,000, and in Australia, 336,000, so that they have 150,000 more old age pension beneficiaries, though we have 60 per cent more population. The total amount paid in pensions in Australia is $93,580,000; in Canada for this year it will be roughly $30,000,000 from the federal government, which bears three-quarters of the cost, which would bring our total up to $40,500,000. If we were paying in proportion to our population the same amount as Australia is paying, we would pay out $146,000,000 a year. Yet we tremble about inflation and about our financial position in the war when we think of going not nearly as far as Australia has gone. Our age limit for both men and women is seventy; in Australia it is sixty-five for men and sixty for women. The average pension paid throughout the dominion ranges from 61 cents a day in British Columbia down to about 38 cents a day in Prince Edward Island. Does any man in this house believe that an old age pensioner can get along in the cities of Canada on $20 a month?

The member who then represented the constituency for Vancouver-Burrard is not here to support the plea he made for more generous old age pensions. But I am sure there are many hon. members on the government side of the house who share the views expressed so well that hot night in July a couple of years ago. I know the minister has given a good deal of thought to this

problem. I urge that before the item passes the minister hold out some hope to the old age pensioners in this country, to indicate to them that this is not now a financial problem. Rather, the government should ask itself, "Can we supply these people with decent housing? Can we see that they have enough money to buy flour, bread, milk and other supplies?"

The government's policy of removing price ceilings and permitting prices to follow their natural course has already placed a serious burden on old age pensioners on fixed incomes. There are nearly 200,000 people who are hoping that in this year the government will carry out the programme that was announced when the premiers were brought to Ottawa. In 1926, when the fate of a government was at stake, there was no hesitation in introducing old age pensions, although at the time there was some question as to the constitutional right of the federal government to proceed without the consent of the provinces. It took nearly ten years to get full cooperation from all the provinces. But I am sure that if to-day the federal government would indicate that it is prepared to go ahead with the plan outlined to the provinces, either with or without their cooperation, there would be very little criticism.

Mr. HERRIDGE: I rise briefly to support those hon. members who have spoken for improvements in old age pensions. It is quite unnecessary to repeat the arguments used by previous speakers.

The hon. member for Lethbridge mentioned the pension legislation in the state of Washington. I was keenly interested in what he said, because my constituency borders that state. I know it is a most progressive one, and is composed of a fine type of people. A habit has grown up between the people of that state and those in my constituency of visiting back and forth.

I was in the state of Washington at the time they were considering changing their old age pension legislation. At that time they were in very much the same position as we are in Canada to-day, because for ten years their government was stalled on the question of old age pensions. I was there on one occasion going through the forests of Washington state and meeting large numbers of the country people who were discussing this question. These were people from both the country and the cities. There was a strong demand for an improvement in their old age pension legislation, a demand which was crystallized in the plan which was read to the house this evening by the hon. member for Lethbridge.

[Mr. Nicholson.]

Some two or three years ago I returned to the state of Washington and met a number of the same people. While there, I took occasion to ask them what they thought of their old age pension plan, and the answer I received from the farmers and the working people was that while at the time of its passage, there were many who considered that it involved tremendous expense, they were unanimous in their statement that it was one of the finest things the Washington state legislature had ever done. Hon. members may be interested to know that the total budget for that state last year was $350 million, out of which $110 million was spent on old age pensions and social welfare. That is some indication of the progressive nature of the state of Washington.

I wish to emphasize that this advanced type of legislation was not brought in under a socialist government, but rather under a capitalist system. The natural resources of that state are very much like ours in the west. While I am not suggesting that this government had a mandate from the people of Canada at the last election to establish a socialist system, I do say that as a result of the government programme and policies announced to the people it has a mandate to establish, and to do so very quickly, an improvement in the old age pension system.

There is no group of people in Canada to-day who have been more deeply disappointed at the failure of the dominion-provincial conference than those people who would benefit by an improved old age pension system. I believe hon. members in all parties see the necessity for this move in the near future. I hope hon. members will study what has been done in other countries, without endangering economic systems. I am sure that when we do establish an improved old age pension system along the lines of that in the state of Washington hon. members, regardless of their party, will say—as they have in that state—that it would be one of the finest things the parliament of Canada has ever done for its people in this generation.

Mr. ZAPLITNY: I do not wish to hold up the committee unduly, but I believe this is a question upon which we might well spend more time. We have spent much longer time in discussing estimates which are not as important as this one.

Hon. members who have preceded me have made a strong case for old age pensioners. I should like to bolster that case with figures, showing dollars and cents, because we are now dealing with expenditures. I feel sure that in a little while the Minister of Health

and Welfare will rise in his place and, by means of statistics and dollars and cents, atempt to prove that this cannot be done. So that I am going to present by budget first.

I have worked out the budget which I believe the average old age pensioner would work out for himself, on the basis of a full pension of $25 per month, the amount payable in Manitoba. If we take the month of June as a basis, having thirty days, and divide that into that amount of money we find that we have a figure of 83⅓ cents a day. The old age pensioner knows he has to provide three essentials of life out of that sum, namely food, clothing and shelter, leaving aside all those other things which he might and should have.

If we divide that amount of money equally for food, clothing and shelter, we find it works out to 28 cents a day for each. Then, if one has a habit of eating three meals a day, this would work out to 28 cents for the three meals, or 9⅓ cents per meal. I should imagine that would be nine cents for the meal and one-third of a cent to tip the waiter.

This is on a basis of $25 a month, the maximum amount payable in most provinces. But, as the hon. member for Mackenzie pointed out a while ago, the average pension payable is not the maximum. He quoted figures from another source which showed that in British Columbia, where I believe the highest average amount is paid, it was 61 cents a day. If this is divided up in the same way as I have divided up the budget it would work out to only 6⅔ cents a meal, or a little less than the previous figure.

I have made this computation to show what would be the effect if we were to have a 60-60 plan, that is $60 a month at the age of sixty years. That would not be anything revolutionary because it would still be below the amount necessary to live on at the present time with the way prices are. Taking a $60 pension for a thirty-day month, you would have $2 a day with which the old age pensioner would have to provide food, clothing and shelter. Divide that into three equal parts and you have 66⅔ cents a day for food. Divide that into three meals a day and you have only 22 cents a meal with two-thirds of a cent left to tip the waiter. Anyone who would argue that 22 cents is too much for a meal for an old age pensioner would certainly run up against stiff opposition. With the way prices are to-day, $50 a month, the amount some one has suggested, is not sufficient. If prices continue to rise I doubt if we shall be able to rise in our places next year and say that $60 is enough. Prices seem to be going up in all directions in spite of the protestations of the Minister of Finance and others. It seems to me that this is one class of people which should not be pegged down to a certain amount which was considered sufficient some years ago, although I doubt if it was even then. I have no hesitation in endorsing everything that has been said by other hon. members.

I understand that pensions for the blind come under the same item. I have often wondered why these pensions are not payable until forty years of age and this has never been satisfactorily explained to me. I understand that there is some suggestion in the proposals of the dominion government to the provinces that the age limit be lowered to twenty-one years. That is a step in the right direction, but I see no reason why we should stop at twenty-one years. Family allowances are paid up to the age of sixteen years, and in the case of a blind person I submit that the pension should start at seventeen years, so that it would take over where the family allowances left off. This class of person has been waiting too long for the relief they require.

Mrs. STRUM: I felt that I could not let this item go by without saying something about the needs of old age pensioners because I think we are in honour bound to keep talking about this until something is done, regardless of what party we represent in this house. I was interested in the budget presented by the hon. member for Dauphin, but I think he is too generous. I think he allowed the old age pensioner far too much to spend because I did not notice that he allowed for rent.

Take a $30 a month pension, which is what is paid in British Columbia. Saskatchewan pays $28 and medical benefits. I am sure much less than that is paid in many other places. If an old age pensioner had to pay $15 a month rent, he would have only $15 left. If he were in Ottawa he would not get a room for that. The cheapest room that I have seen in Ottawa was priced at $10 a week for two people, and I would not stay in it any longer than I could help. As I say, the old age pensioner is left with $15 a month to buy his clothing and food. We will allow him $60 a year for clothing, and out of this he would have to buy his shoes, his overcoat, his suit, his underwear, and tobacco and anything else he might need. That would take $5 a month which would leave him $10 a month with which to buy food for thirty days.

An hon. MEMBER: What about heat?

Mrs. STRUM: He is supposed to have heat in that $15 a month room he is living in. To buy 90 meals in a thirty-day month would

give him 11 cents a meal. I suggest to hon. members who think that $30 a month is enough that they go and rent a room and try to live for a month on the remainder. Until a person has done that he does not know what these old people are up against. The economist whom this party pretends to follow—I have in my hand the book by Sir William Beveridge called "Full Employment in a Free Society"—states that capitalist governments must be responsible for the total outlay of money in their country, and must make up the difference between what the individual may spend and the maximum expenditure required to give full employment. That is not a socialist concept. I agree with my hon. friend over here who says that this government was not elected to bring in socialism. This government pledged itself to bring in comfort and decency and until it has established a decent old age pension it will have been guilty of defaulting on the promises made just a year ago.

I hope that this government will see fit to allow old age pensioners more than eleven cents a meal, more than $15 a month for rent and more than $60 a year for clothing. I am sure that many of them have much less than that, because in many places less than $30 a month is being paid.

Mr. CLAXTON: Several hon. members have spoken about the old age pension proposals and, while the item is related to old age pension payments and the cost of administration, I think hon. members will bear with me if I reply to some of the remarks that have been made. The hon. member for Lethbridge referred to a statement which I made when this matter came up on a private members motion on April 10, 1946, when I said:

> There is no country in the world, of all those that have old age pension legislation, where there is a non-contributory system that is not on a means test. Either you have a contributory system of insurance and no means test, the people receiving the pension as of right, or else you have a non-contributory system on a means test.

The hon. member was quite right in saying that I said that. He then went on to say that apparently I had overlooked the position that obtained in the state of Washington where, according to what he had read, they have a generous old age pension. I would point out that from what he himself quoted that pension is paid to those "in need of financial assistance" and also to those "without resources or income". That would indicate that there is a means test there, and therefore my statement is still true. We have done our best to examine the systems in force in other countries and have found no case in which there is a non-means test pension payable without contribution. If there is one, I would be glad to find out about it.

The hon. member for Lethbridge said also that people cannot save under the present system, referring to people generally, not just old age pensioners. I would call his attention to the fact that on December 31, 1939, the personal savings of individuals in Canada amounted to $3,117 million, while at December 31, 1945, these had increased to $10,993 million.

Mr. NICHOLSON: How much of that is in the hands of individuals at the present date?

Mr. CLAXTON: Every cent of it.

Mr. NICHOLSON: I wonder if that is correct or whether a number of individuals have cashed in their savings?

Mr. CLAXTON: That is the net increase in bank savings and similar deposits, in the holdings of government bonds and other individual savings.

Mr. COLDWELL: Is that not because people denied themselves many things that they needed?

Mr. CLAXTON: Yes, that is true, but at the time those savings were being made the consumption of consumer goods went up about 15 per cent. Of course the cost of living indices must be taken into account, but I think the increase in that connection was much less in this country than it was anywhere else. There was a substantial amount of saving during the war, and the saving I have referred to is in the hands of individuals. That is leaving out of account reductions in mortgages, reduction in farm implement loans, the paying down of indebtedness of all kinds. There has been a satisfactory change in the position of the Canadian people as individuals.

The hon. member for Mackenzie referred to the fact that it took from 1927 to 1936 to bring into force old age pensions on the basis on which we have it now, as amended from time to time. That is quite right. The first province to come in came in in 1927, the year in which the dominion enacted this legislation, and the last province to come in came in in 1936. It took nine years, and it indicates that that is a very difficult mode of procedure to follow in bringing about a substantial change in social legislation. My belief is that measures which can be financed out of the consolidated revenue fund and which provide for a payment as of right to all the people from one end of Canada to the other can be introduced by federal legislation; but when the provision is contributory or on a means-test

basis, I do not now see how it can be done by federal legislation, but should be done by agreement with the provinces. It was with this end in view that the dominion put forward the proposals to the provinces last August, with the result which all hon. members know: we had a series of discussions and an adjournment of the conference.

The proposal then put forward with regard to old age pensions has already been referred to; it was for old age pensions for everyone at the age of seventy years, without proof of need, of $30 a month; for old age assistance between the ages of sixty-five and sixty-nine, up to $30 a month, to which the federal government would contribute 50 per cent of the costs of the pensions. It was intimated that these measures would in part be financed out of a social security tax which would be introduced. That was part of a comprehensive system of social security and financial arrangements which were put before the provinces.

The hon. member for Kootenay West said that no one could be more disappointed at the failure to arrive at an agreement between the dominion and the provinces than the people who might have benefited from these provisions. I believe that to be true, and I would include among those who were exceedingly regretful at the failure to arrive at an agreement, those who worked for several years steadfastly to arrive at that agreement.

An hon. member referred to the "convenient excuse" of the constitutional position. I do not regard the constitution of Canada ever as a convenient excuse. I put it to hon. members that if you have an old age pension plan which is payable on a means-test basis or on a contributory basis, either one or the other, it is difficult to see how it could be introduced without a constitutional amendment or except by cooperation with the provinces, and that is the plan that we put forward.

I have briefly referred to the remarks of hon. gentlemen. I share with them the desire which many hon. members have to see to it that by one means or another our old people have more adequate provision made for them during their older years. I myself believe, as I think most hon. members do, that the best way in which to make that provision is to do it on a contributory basis under which those people who are able to do so will contribute year by year, through one means and another, so that when they arrive at the time when most of them will need assistance they will get it as a right, having built up an amount out of which the government will make the payments by means of contributions of themselves and others. Personally, so far as I have examined all the systems in force in different countries, I do not see that it matters very much whether the contributions in a national scheme are directly earmarked for each person on a strict superannuation fund basis or whether the contribution is made by a social security tax such as they have in New Zealand or Australia. The actual machinery is perhaps less important than that contributions should be made.

The situation as we have it to-day, however, is much as it was before the dominion government's proposals were made; that is, the old age pension is as provided for in the act of 1927 as amended from time to time. The attitude of the federal government with regard to this and other matters growing out of the dominion-provincial conference will, as the Prime Minister announced, be indicated at the time the budget is brought down, and I have nothing further to add at this time.

Mr. GREEN: Does the minister think there would be any merit in attempting to make an agreement with the provinces on the question of old age pensions alone? There are different factors in connection with the pension which will have to be agreed upon anyway between the governments, and surely it would be worth while to attempt an agreement on the whole question.

I think no one can dispute that the present condition of many, many old age pensioners is deplorable. Surely we cannot sit back now and wait—perhaps a matter of years—for something to happen, particularly when each year means so much to these senior citizens of Canada.

There are two factors with which the minister has not dealt this evening. One of them is the manner in which the additional pension is to be paid once the National Emergency Transitional Powers Act lapses. At the present time the statutory provision for the old age pension is only $20 a month. The minister will correct me if I am wrong in that statement. A further $5 is paid by order in council originally passed under the War Measures Act, and the National Emergency Transitional Powers Act picks up the orders in Council passed under the War Measures Act, so I assume that that is the way in which this extra $5 is now paid. It seems to me that this parliament must make provision for the whole old age pension on a statutory basis, and when that is being done the amount should be increased to at least the sum of $30; the minister should explain to us how he intends to get around the difficulty.

The other question I should like him to deal with is the possibility of amending the regulations. They are extremely harsh in many respects, as I pointed out to him at the session last fall. He will find that discussion at page 3610 of *Hansard* for the last session. In his reply to my questions at that time he intimated that he was already negotiating with the provinces for an amendment to the regulations. He said:

> I am very glad to tell the hon. member, however, that we have already inaugurated discussions with the provinces alongside the work of the dominion-provincial conference, and in their welfare officers—

I think there is a word left out there.

> —have accepted our suggestion that early in the new year we should meet together to discuss administrative problems relative to old age pensions.

It would be interesting to know whether that meeting has been held, and, if so, what progress was made in changing the regulations. I do not intend to go over in detail the regulations that should be changed, but, as the minister knows, in the proposals of the government of Canada, set out for the dominion-provincial conference of last year, there is to be found the dominion's idea of what these regulations should be. At page 38 it is suggested that the residence qualification should be residence in Canada for a total period of twenty years since the age of 18. No matter at what time the applicant had been out of the country, the only requisite would be a total residence in Canada of twenty years since the age of 18. Then the dominion apparently believes that the maximum payment of pension should be reduced only by any income that the recipient actually gets. In other words, there would be none of this business of estimating five per cent of the assessed value of his home and counting that as income, whereas he was not actually getting any income from the home. The proposal reads:

> In computing the income of the recipient for purposes of this means-test, moneys received from other sources not for the recipient's own use to be excluded.

I would point out that in the proposed amendments to the War Veterans Allowance Act, now being considered by the special committee on veterans affairs, provision is made for the war veterans allowance recipient to have a home of a value of $4,000 without suffering any reduction in his war veterans allowance. There is also provision, under that act as it stands at present, for the recipient to have $1,000 in victory bonds without suffering a reduction in his war veterans allowance.

[Mr. Green.]

The dominion also proposed last fall that provinces should not crack down on an old age pensioner coming from another province. It would not make any difference in which province he had been, he would be entitled to full pension; whereas at the present time, under certain conditions, the pension is reduced. The dominion further advocated wiping out the provision whereby the estate of the pensioner can be taken by the government after his death.

These are only a few of the suggested changes in the regulations. Is it not possible to have these changes made in the near future without waiting for a resumption of the dominion-provincial conference? It seems to me that the necessity for these changes is so obvious that there cannot be any argument about it; there should be some way of bringing about changes in the regulations.

Mr. CLAXTON: The hon. gentleman expressed the hope that we would not sit back and wait. I would point out that this government has not sat back and waited. It took the initiative with the introduction of old age pensions in 1927. It took the initiative with the amendment in 1937 and with the introduction of pensions for the blind. It took the initiative in 1943, when, by order in council, as the hon. member said, the maximum amount payable was increased to $25, and it took the initiative in August, 1945, when it put before the provinces the proposals to which I have already referred. The question of old age pensions is one in which, while there may be comparative agreement among the members of the house, there is considerable disagreement in different parts of the country, and that was brought out during the course of the discussions at the dominion-provincial conference, when the attitude of all the provinces was by no means identical. The complexity of dealing with a matter of this kind became apparent in the wide disparity of views which were expressed.

The hon. member referred to my indicating that I hoped early in the new year, following discussions we have had with provincial representatives, to call a meeting to discuss possible amendments to the old age pension regulations. We had that in mind in consequence of the discussions which took place in November and December, and it was my thought that we would have that conference early in the new year. But in view of the adjournment from time to time of the dominion-provincial conference, it seemed advisable not to have it until we knew clearly what the outcome might be. However, I should say that the interprovincial board on old age pensions has

recently been reconstituted. I have sent a letter to the members of the board, which consists of the provincial ministers responsible for old age pensions administration, and the deputy ministers, suggesting to them that it might be convenient to meet on September 16.

Mr. FLEMING: Will this session be over by then?

Mr. CLAXTON: At least we shall be available. Then we shall go into among others, some of the matters raised by the member for Vancouver South. It should be remembered that the dominion's proposals were put forward as part of a comprehensive scheme, but that does not mean that if we cannot get that scheme we are necessarily tied to these proposals in detail.

Mr. GREEN: But they show what the dominion government thought would be proper changes.

Mr. CLAXTON: As part of a comprehensive scheme they showed what we thought would be desirable. If we cannot get that scheme it may be necessary to work out something else, but we propose to have this conference. I have asked the representatives of the provinces to indicate the matters that should go on the agenda, and then we shall examine the regulations and take into account all the representations that have been made in this committee and in the house.

Mr. GREEN: One point the minister did not deal with is the increase in payment.

Mr. CLAXTON: I am sorry. It is proposed that during the session, despite its possible length, legislation will be introduced to carry that into effect.

Mr. GREEN: By what amount will the pension be increased?

Mr. CLAXTON: That will be made known when the legislation is brought down.

Mr. MacINNIS: I was not in the house when the hon. member for Vancouver South began his remarks, but I entered in time to get the minister's reply. He mentioned that this government had taken the initiative in 1927 to institute pensions and again in 1943 to increase the amount of the pension. I believe the records of this house show that in 1927 it was not so much a matter of this government taking the initiative as the initiative being forced on the government. That is quite clear.

An hon. MEMBER: They deny that.

Mr. MacINNIS: They deny almost anything and I do not blame them. We all deny things that are not to our credit. But these are the facts. I would refer my hon. friends to my right to the speech made by a former leader of the party and a former prime minister of this country who said that there was not the least doubt in the world that the person who was responsible for old age pensions in Canada was the former leader of this group, the late Mr. J. S. Woodsworth. But the point I should like to impress upon the minister and upon the committee is that a pension at the present rate of $30 a month is wholly inadequate. It must not be forgotten that that amount is all that these people have to live on.

Mr. GREEN: They pay only $25.

Mr. MacINNIS: I know, but at least up to the present time the provinces pay an additional sum. Some pay an additional $5; some pay less than that, and some pay none at all. But in this day and generation $30 is not enough for a person even to exist on. From this point of view it is unfortunate that the dominion-provincial proposals were not carried out, because, despite the inadequacy of the old age pension proposals, they are better than those which exist to-day. The granting of $30 a month by the federal government to persons seventy years of age and over is certainly an advance on what we have now. I am sure that no member in the committee would oppose it. If the proposal had gone through, persons of from sixty-five to sixty-nine years of age would be in approximately the same position as those who are now seventy; that is, old age pensions would be granted in needy cases or in cases of actual destitution at the age of sixty-five.

May I again point out that a pension of $30 is not sufficient. I was not in the house on Friday, but it was reported in the press that it was the intention of the government to introduce a bill to increase the salaries of judges. Without waiting for that, members of this house increased their own salaries last year. In view of all these facts; in view of persons getting $4,000 and up to $15,000 having received increases to expect that people in this country who have given their lives to building Canada can live on $240 to $360 a year is just not reasonable. No intelligent parliament would even suggest it. I suggest to the minister that this country to-day can provide our old people with an income that will at least allow them to live in a way which will provide the necessities and decencies of life.

Having been brought up in poverty, having seen my parents living in poverty, I know just what it means to these old people. I know

what it means to the hundreds of people who have written me during the last two or three years. I have a pile of letters several inches thick from elderly men and women. These letters have come from people all over Canada who have given their lives to the building up of this country, and yet we cannot give them more than $30 a month. Most of those people who are administering this money may spend more than that on cigarettes, cigars and various kinds of drinks. I suggest to the minister that if he wants to get the reputation of being progressive—and he has acquired that in some way or another; I do not know how—he will have to do something better than that for our old people.

Mr. FRASER: The minister has not said anything about pensions for the blind. I know that pensions are given to them, but is the department doing anything to prevent blindness and to help the blind? The minister's department should take every means possible to prevent people from becoming blind. I have not heard of anything that the department is doing in that connection. I believe this matter came up in the social security committee in a brief presented by the Canadian National Institute for the Blind. The earning power of a single blind person should be increased to $660 and a married person to $1,200, and at the same time they should be permitted to retain their pension, because these blind people require people to assist them to and from work.

During the last few years the Canadian National Institute for the Blind has helped a large number of people to obtain jobs. They have shown them how to work. The blind people are doing a splendid piece of work. The Canadian National Institute for the Blind has helped the department of the Minister of Veterans Affairs to place men in jobs, and these men are doing jobs that are worth while. We have them in factories in Peterborough and they are doing jobs which are very difficult. They are doing the job as well as, if not better than, people with eyesight. Therefore I wish to impress upon the minister that everything possible should be done by his department for these blind people. They deserve it. I should like the minister to make a statement in regard to what the department is doing and intends to do in that regard.

The suggestion of the hon. member for Dauphin that the pension should start where the family allowance leaves off at seventeen years of age is a worthy one. The department should take it up, because these people need pensions at all times.

[Mr. MacInnis.]

Mr. CLAXTON: I am grateful to the hon. member for Peterborough West for his remarks. We have the interests of the blind very much at heart, and have created a new division of blindness control to inaugurate just the kind of work which he mentions. This came up in connection with the discussion on these estimates on June 14, 1946, reported at page 2525 of *Hansard*; also on June 7, reported at page 2303. Hon. members will not expect me to go over the same ground again. I should like the hon. member and the committee to know that it is very much in mind and that we are conducting a survey of all cases of blindness that can be made available to us in order to ascertain the causes of blindness, with a view to seeing what percentage can be prevented or cured. The proposals we placed before the provinces included an offer to pay 50 per cent of the cost of work in the direction of preventing or curing blindness. Further, the proposals included increasing the amount that might be paid to $30 a month, and reducing the age to twenty-one years.

The other proposals which have been put forward by the Canadian National Institute for the Blind and other organizations have been receiving continuous consideration. I think there are only two which have not been put forward either in the dominion proposals to the conference or actually carried out by the dominion government. Those two refer to a special grant for guiding, and to relating the pension to the cost of living index. So far we have not considered it possible to adopt those, but I can assure the hon. member that they, like all others relative to this subject, are receiving careful consideration.

Item agreed to.

Welfare branch—

230. National physical fitness—administration, $50,000.

Mr. FLEMING: This item and item 231 have to do with the matter of national physical fitness, and arise out of the National Physical Fitness Act passed in 1943. At the outset I should like to observe that if there are any items above all others which should be considered only after the committee has been furnished with full information, it is items of this kind. Here the administration started out with $250,000 on hand, of which $25,000 was to be for administration expenses and $225,000 for distribution among the provinces. Six of the provinces have entered into agreements coming under the scheme, while three, New Brunswick, Ontario and Quebec, have refused to participate. It is now June 24, and we have not before us, in any form whatever, the report of the national council

on physical fitness for the past fiscal year. Section 13 of the National Physical Fitness Act, which is chapter 29 of the statutes of 1943, provides:

The minister shall, as soon as possible—

I emphasize those words, "as soon as possible".

—but not later than three months after the termination of each fiscal year, submit an annual report to parliament covering the administration of this act for such fiscal year, and such report shall contain a statement of all moneys paid into or credited to the fund and all disbursements therefrom and shall include the regulations made under this act.

The fiscal year adhered to by the council is the government fiscal year ending March 31. Under the section I have just read, one week from yesterday is the last day within which the minister must file the report of the national council on physical fitness, even without giving any attention to the words "as soon as possible". I think the committee is entitled to an explanation of the fact that this report has not yet been furnished to hon. members.

I go on from that to offer this observation. In approaching items of this kind, having regard to its duty to scrutinize these proposed expenditures, I believe the committee needs to be certain that the activities of this national physical fitness council are really such as will contribute to the end of increasing physical fitness throughout the country. The committee will want to be very sure that what is being proposed or embarked upon here is not just a duplication of work already being carried on by the provinces. I know in the province of Ontario no occasion has been found for participation in this scheme, because it represents duplication. Just enlarging on that thought, at page 67 of the report of the Department of National Health and Welfare for the fiscal year ended March 31, 1945, I find this paragraph:

In connection with the training of instructors and leaders under the National Physical Fitness Act, the national council passed the following resolution:

"As many excellent leaders in physical fitness and recreation are serving at present in His Majesty's services, the council recommends that the responsible provincial departments use this source of potential leaders."

I do not think we need any national council on physical fitness to tell the responsible departments of the provincial governments that in the armed forces we have a source of instructors in physical fitness. I think the provincial departments are well aware of that fact, so that it is quite unnecessary, and I suggest perhaps just a little bit cheeky, for this national council to be passing resolutions of this kind undertaking to instruct the provincial governments concerned as to how they may carry out their duties to those who have served in the armed forces. I think the provincial governments are well aware of their duties in that regard.

Lacking the report, I question whether the committee is in a position to give these two items the intelligent study which should be given. Since we are without the report, may I ask the minister if he will answer questions on the following points? In the first place, will he give the committee the expenditures for the past year? In the second place, what programme is contemplated for the present fiscal year, and what distribution among the six participating provinces is contemplated? Next, can he furnish the committee with a financial statement for the fiscal year ended March 31, 1946? Next, what is the salary of the national director; and next, has the council undertaken to acquire any real property pursuant to the power contained in section 6 (2) of the act?

Mr. CLAXTON: I wonder if there are any other questions I might take up at the same time. If not, I shall be very glad indeed to answer the questions put by the hon. member for Eglinton. In the first place, the statute requires that the report be filed as soon as possible after the end of the fiscal year, and not later than three months after the end of the fiscal year. I think hon. members will agree that this period is shorter than that provided in most statutes requiring the filing of annual reports. In this case we have had the report available in draft form for just a few days. It would have been filed in typewritten form already but for the fact that there has been delay in having it translated. I think hon. members are aware of the fact that just now it is difficult to have government papers translated and printed as promptly as we would like. However, the report will be filed in accordance with the statute before the end of this month, though it will not be possible to have it printed in that period.

The hon. member asked for the expenditures last year, and I can give him those. They were as follows:

Salaries	$12,857 54
Cost of living bonus and unemployment insurance	506 62
Publicity and information	7,064 07
Telephones, telegrams, postage	328 72
Sundries	270 46
Professional and special services	31 75
Material and supplies	1,852 42
Freight, cartage and express	283 49
Transportation and travel	8,349 38
	$31,524 45

Mr. FLEMING: Would the minister mind breaking down the item for publicity and information, and relating that to the proposed appropriation of $18,930?

Mr. CLAXTON: I have just been handed the table of expenditures I gave the hon. member, and I find I shall have to reconcile it with the information to be procured.

With regard to the programme covering the present fiscal year, the national council of physical fitness has had two meetings during the year. It laid down for the national director a programme which involved the preparation of a draft syllabus for a suggestion to universities in connection with the training of instructors in physical fitness. That has been distributed to the universities and it has met with a good deal of interest. It is available for them to be used, should they desire to do so.

Resolutions were adopted by the council suggesting further educational and promotional activities in connection with camps, the holding of games, organized activities in universities and schools and in connection with community activities. This act came into effect in 1943. Six provinces have cooperated actively in it.

Mr. LOW: Which provinces?

Mr. CLAXTON: All except Ontario, Quebec and New Brunswick. Six provinces have cooperated actively and have all signed renewals of their agreements.

I think it should be remembered that all provinces are not in the same position as Ontario and Quebec in respect of looking after their own needs; and it has been found by those provinces which participate that they secure a contribution which enables them to assist in their own work. They have also found the services of the council and the national director useful in connection with the development of their own programmes.

The hon. member asked for the distribution between the provinces. During this fiscal year the distribution was as follows: Nova Scotia, $6,747.50; Manitoba, $2,692.44; Saskatchewan, $17,044.65 and Alberta $23,070.53. Payments to British Columbia and Prince Edward Island do not come within this fiscal period, although they obtain their payments in accordance with the arrangement.

Mr. GREEN: How much did they get?

Mr. CLAXTON: British Columbia could get up to $16,015, and Prince Edward Island could get up to $1,861. Then, I was asked what salary the national director gets.

[Mr. Claxton.]

Mr. FLEMING: Perhaps I might interrupt at this point. I understand the basis of allotment among the provinces is a per capita basis. The second province mentioned by the minister, if I followed correctly, was Manitoba, with an allotment of something over $2,000.

Mr. CLAXTON: Yes, $2,692.44.

Mr. FLEMING: That is for Manitoba?

Mr. CLAXTON: Yes.

Mr. FLEMING: That does not seem to compare, on a per capita basis, with the allotment read out by the minister for the other provinces.

Mr. CLAXTON: But the province draws down from the fund only on a fifty-fifty basis with the amount it spends. If a province spends a dollar on purposes set out in the regulations, it can then draw down a dollar from the fund. They do not necessarily draw the maximum. These are the actual expenditures. The amount of salary of the national director is $5,000.

I believe that covers the questions which have been asked.

Mr. FLEMING: The last question was about real estate.

Mr. CLAXTON: There is none at all.

Mr. MACKENZIE: Perhaps my colleague would forgive my interrupting at this point, because I believe I am the author of this national fitness programme. I regret very much that three of the provinces of Canada have not joined in the great national scheme.

Those of us particularly who come from British Columbia are keenly aware of the wonderful results effected by the Pro-Rec scheme, which was commenced under the provincial government of that province, and is now supplemented and buttressed by the provisions of the national physical fitness programme. The idea behind it was to follow what was done in Norway, Sweden, Czechoslovakia and other countries of Europe before the last great war, and to train our young men in physical fitness and give them all the benefits of the courses which were suggested and prepared. I believe that great work has already been accomplished under this legislation, and I hope that in future it will continue.

Mr. GREEN: It is for both men and women, is it not?

Mr. MACKENZIE: Yes, indeed. I am sure the hon. member for Vancouver South has seen the classes in the open spaces around Vancouver, the parks. He has seen the men,

women and school boys from universities and colleges take training in physical fitness. This builds up the morale of our people, and this physical fitness is always identified with intellectual and social morale.

Mr. MERRITT: The agreements of three of the provinces expired this year, two in January and one in April. These are British Columbia, Alberta and Prince Edward Island. Have all those provinces renewed their agreements?

Mr. CLAXTON: Yes they have.

Item agreed to.

Welfare branch—

232. Assistance to schools of social work, $100,000.

Mr. FLEMING: This is a new item. Would the minister explain it?

Mr. CLAXTON: Yes.

Mr. FLEMING: Would he explain it particularly from this point of view: Are those schools of social work of the recognized type connected with universities?

Mr. CLAXTON: Yes. This vote is introduced for the first time. Whether or not it will be reintroduced will depend upon the will of the house. It is not necessarily designed to be a repeat vote. When family allowances were introduced and we discussed the situation with the provinces, and the various welfare agencies in those provinces, we found there was a great shortage of qualified workers to undertake the work of investigation. That is one explanation why we did not spend as much of the vote of $150,000 last year as we thought we would. It was represented to us that in order to assist in the accelerating of the training of an additional group of workers we should make grants available to schools and provide fellowships in the same way as had been done during the war in connection with the training of nurses for service in the armed forces. That need for nurses has ceased, but this was designed to meet a peace-time need of the same nature. The plan was worked out in connection with the representatives of the organized schools of social workers, of which there are seven in Canada. These are the Maritime school of social work at Halifax, Nova Scotia; the school of social work of Laval university; of the university of Montreal; at McGill university; of the university of Toronto; of the university of Manitoba and of the university of British Columbia. Plans have been worked out through consultation with their representatives which are understood to be satisfactory to them under which this money will be available, partly for grants to the schools and partly for fellowships. I should like to make it plain to the committee that this is being done on a one-year basis. It is not necessarily desired to repeat this, and we wish to warn the recipients that it may not be repeated in a subsequent year. We aim to accelerate the training of an additional group of workers just as soon as possible.

Mr. FLEMING: Do I understand that the seven schools of social work attached to the universities enumerated by the minister represent the complete group which will be benefited by this vote?

Mr. CLAXTON: That is right.

Mr. FLEMING: Has the basis of distribution been worked out?

Mr. CLAXTON: An amount of $50,000 is to be used to establish 100 scholarships of $500 each.

Mr. FLEMING: Are they open to every one of the seven?

Mr. CLAXTON: On an agreed basis, also an amount of $45,000 is provided to assist the schools and $5,000 for administration.

Mr. FLEMING: The minister says, "on an agreed basis," but I should like him to indicate what the basis of distribution is among these seven schools mentioned.

Mr. CLAXTON: I will give the details, the first amount being for administration, that is assistance to the school, and the second amount to cover scholarships. The details are:

	Administration	Scholarships
Maritime school of social work	$3,400	$3,600
Laval	5,200	5,800
Montreal	6,700	7,500
McGill	7,800	8,700
Toronto	9,600	10,800
Manitoba	4,600	5,000
British Columbia	7,700	8,600

Mr. FLEMING: That is acceptable to all seven schools?

Mr. CLAXTON: Yes.

Mr. KNIGHT: Could the minister give us the number of trained social workers who graduated from the universities this year?

Mr. CLAXTON: I am sure that that figure is not available yet, even to those working in the field. When this was first discussed about a year ago we were informed that there was an immediate shortage of some 800 in Canada.

Mr. STEPHENSON: I notice all through these estimates there are amounts provided for travelling expenses. I brought up the same

matter when we were considering the estimates of the Department of Agriculture. In that case I figured the travelling expenses totalled $1,360,000. I notice the total for this department is something like $300,000, with increases of $5,000, $10,000, $22,000, $30,000 and $65,000 in different branches. Can the minister give us an idea how these travelling expenses are accounted for?

Mr. CLAXTON: There are no travelling expenses under this item.

The ACTING CHAIRMAN (Mr. Golding): We are dealing with item 232, assistance to schools of social work.

Mr. STEPHENSON: I ask that my question stand.

Item agreed to.

Miscellaneous grants—

234. Canadian National committee for mental hygiene, $10,000.

Mr. MacNICOL: I spoke in support of item 220 covering the mental health division and at that time I mentioned the name of Mr. Morris Wilson. I should have said the late Mr. Morris Wilson, former president of the Royal Bank of Canada. During his lifetime he was one of the outstanding supporters of mental hygiene work and I understand he was president of the Montreal section. At the same time I should have mentioned other Montreal men like Mr. J. W. McConnell, Mr. Ross H. McMaster, Mr. Paul S. Sise and a few others. I merely want to say that I support this vote as strongly as I can because I am somewhat familiar with the work carried on by the committee for mental hygiene.

Item agreed to.

235. Health league of Canada, $10,000.

Item stands.

Progress reported.

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

Tuesday, June 25, 1946.

The house met at three o'clock.

VETERANS AFFAIRS

Ninth report of the special committee on veterans affairs.—Mr. Tucker.

LABOUR CONDITIONS

INLAND NAVIGATION—SEAMEN'S UNION—EMPLOYMENT ON GOVERNMENT-CONTROLLED SHIPS

On the orders of the day:

Hon. GROTE STIRLING (Yale): May I ask the Minister of Labour whether it is true, as is alleged, that only seamen carrying a Canadian seamen's union card are being allowed aboard the ships now controlled by the government?

Hon. HUMPHREY MITCHELL (Minister of Labour): I have no knowledge of that, but I shall be glad to look into it. I may say that they are moving through the national employment service offices on to the ships. That is the machinery which is being used.

WHEAT

NEGOTIATIONS FOR CONTRACT WITH THE UNITED KINGDOM

On the orders of the day:

Mr. J. G. DIEFENBAKER (Lake Centre): Is the Minister of Trade and Commerce in a position to give a report to the house with regard to the wheat negotiations between the government of the United Kingdom and the government of Canada?

Hon. J. A. MacKINNON (Minister of Trade and Commerce): I rather expected that I would be asked such a question to-day, and I came prepared to make a brief statement to the house with regard to the progress being made in negotiations looking towards a wheat contract between Canada and the United Kingdom.

For the past ten days negotiations have been carried on between experts representing this country and the United Kingdom. Substantial progress has been made in regard to the terms of such an agreement, in spite of the difficulties involved in placing the sale of a large volume of wheat on a contract basis for an extended period. A number of important considerations have now arisen which must become a matter of reference to the Canadian government and the United Kingdom government. As soon as these matters have been dealt with by the respective governments, negotiations will be resumed on the terms of the proposed contract.

CANADIAN PACIFIC RAILWAY

PENSION RIGHTS OF CERTAIN EMPLOYEES

On the orders of the day:

Mr. STANLEY KNOWLES (Winnipeg North Centre): I should like to direct a question to the Minister of Labour. Is the minister yet in a position to make a statement to the house with respect to the conciliation officer's report on the Canadian Pacific pension dispute?

Hon. HUMPHREY MITCHELL (Minister of Labour): I have received a reply from the company, and I also received their permission to table it, which I shall be glad to do tomorrow.

Mr. KNOWLES: Would it be possible to table a copy of the conciliation officer's report at the same time?

Mr. MITCHELL: It is not customary to table the report of a conciliation officer. It is a report made to the minister. May I give an example of how careful one has to be in these things? We had two commissioners looking into the printers' strike in Winnipeg. I have received representations from the union not to table one of the reports. This thing cuts both ways. If my hon. friend would like to read the other report himself, I shall be glad to show it to him.

Mr. KNOWLES: Thank you.

MOTOR VEHICLES

IMPORTATION OF JEEPS FROM THE UNITED STATES

On the orders of the day:

Mr. NORMAN J. M. LOCKHART (Lincoln): I should like to ask a question arising out of information which has been sent to me about the importation of small jeep cars from the United States. Some of the automobile employees have objected to the importation of these cars. Has the minister any knowledge of it, and if so will he give the house some information in respect to it? I have just received a telegram which states that the jeeps are coming in duty free.

Right Hon. J. L. ILSLEY (Minister of Finance): I do not know that I am the minister to deal with the inquiry—it may be the Minister of National Revenue. If the hon. gentleman will send me any information which he has—it would need to be fuller than that which he has given to the house to-day—I shall see if it can be checked.

Mr. LOCKHART: I shall be glad to do that.

SUPPLY

Right Hon. J. L. ILSLEY (Minister of Finance) moved that the house go into committee of supply.

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

INTERIM SUPPLY BILL

Mr. ILSLEY moved:

Resolved, that a sum not exceeding $136,598,972.86, being one-twelfth of the amount of each of the several items to be voted, as set forth in the estimates for the fiscal year ending 31st March, 1947, laid before the House of Commons at the present session of parliament, be granted to His Majesty on account for the fiscal year ending 31st March, 1947.

Mr. R. W. MAYHEW (Parliamentary Assistant to the Minister of Finance): I should like to inform the committee that I have made arrangements with the leader of the opposition and the leaders of the other parties to allow interim supply to go through at this time. In doing so I wish to say that the passage of this interim supply will not prejudice in any way the rights and privileges of the members of the house to criticize and oppose any item in the estimates, and I have pleasure in giving the usual assurance in that regard on behalf of the Minister of Finance.

Resolution reported.

Mr. JEAN-FRANCOIS POULIOT (Temiscouata): Before the resolution is concurred in, Mr. Speaker, I have just a few observations to make about some answers which have been placed on *Hansard*. On May 12, 1943, I gave a warning that millions of dollars had not been accounted for in 1943, and I asked why it was impossible to render an account for $17 million for the year 1942 and $41 million for the fiscal year 1942-43. The Minister of Finance submitted that the observation was out of order, and the chairman ruled me out of order.

To know what Canada has spent during the war we must consider first the revenue from taxation, and second the increase of the dominion debt during the war through victory loans, et cetera. In *Hansard* of May 27, 1946, at page 1881, the answers were given as follows:

Total revenue of the dominion from September 1, 1939, to February 28, 1946, was $12,681,719,279.

The net debt up to March 31, 1945 was $15,712,181,527.

Mr. SPEAKER: Order. I am sorry to interrupt the hon. gentleman, but if he will look at standing order 38, debatable motions, he will see that the second reading of this resolution is not debatable.

Mr. POULIOT: I did not understand a word you said, Mr. Speaker.

Mr. SPEAKER: I asked the hon. gentleman to refer to standing order 38, debatable motions. If he does that he will see that as we are on second reading of a resolution, the motion is not debatable.

Resolution read the second time and concurred in.

WAYS AND MEANS

INTERIM SUPPLY

Right Hon. J. L. ILSLEY (Minister of Finance) moved that the house go into committee of ways and means.

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

Mr. ILSLEY moved:

Resolved, that towards making good the supply granted to His Majesty on account of certain expenses of the public service for the fiscal year ending March 31, 1947, the sum of $136,598,972.86, being one-twelfth of the main estimates, be granted out of the consolidated revenue fund of Canada.

Mr. POULIOT: In my humble view the revenue and the increase of the debt during war time, the increase of the debt through borrowing on the one hand, and on the other hand the non-war and war expenditures during that period, should balance. As a foreword may I say that the country spends the revenue which comes from taxes, and when there is not enough revenue to meet the expenditures, then there is some borrowing. During the war the borrowing was done through victory loans. The money which has been received from taxation and from victory loans should balance with the non-war and the war expenditures of the same period. This statement seems clear, and everyone may agree with it in principle.

According to the figures given by the Department of Finance on May 27, 1946, at page 1881 of *Hansard*, the total revenue from September 1, 1939, to February 28, 1946, was $12,681 million. The debt at March 31, 1945, which is the latest figure I have, was $15,712 million. If I subtract from that the debt when the country went to war on September 1, 1939, which was $3,767 million, the balance of the war debt proper up to March 31, 1945, was $11,945 million. If I add the total amount of revenue from September 1, 1939, to February 28, 1946, to the increase in the debt up to March 31, 1945, I get a total war expenditure of $24,626 million. No information was given for the fiscal year ended March 31, 1946. The figure for the total debt at April 30, 1946, was "not yet available" on May 27 of this year.

The official figures given for non-war expenditure and war expenditure from September 1, 1939, to February 28, 1946, do not balance with the total increase in the debt during the above mentioned period, and the total amount of revenue. From September 1, 1939, to February 28, 1946, our non-war expenditure totalled $4,702 million. War expenditures amounted to $17,366 million, making a total of $22,068 million. If we recapitulate these figures we get the following result:

	million
Total revenue from September 1, 1939 to February 28, 1946, and war debt to March 31, 1945	24,626
Non-war expenditure and war expenditure from September 1, 1939, to February 28, 1946	22,068
Not accounted for	$2,558

The $2,500 million not accounted for was not a surplus. I quote from *Hansard* of June 12, 1946, at page 2419:

War Expenditures and Revenue

Mr. Pouliot: Referring to the statement of the parliamentary assistant to the Minister of Finance at page 1881 of *Hansard*, May 27, 1946, was the difference of $2,557,559,903 between the war debt until March 31, 1945, and the total war revenue until February 28, 1946, on one hand, and the non-war expenditures and war appropriation from September 1, 1939, to February 28, 1946, on the other, a surplus?

The answer by the parliamentary assistant to the Minister of Finance was:

Mr. Mayhew: No, a surplus is an excess of revenues over expenditures. In the period September 1, 1939, to February 28, 1946, total expenditures of the government were $22,069,226,313, and total revenues were $12,681,719,279, resulting in a deficit of $9,387,507,034.

I have a note here that this item does not balance with the increase in the war debt, according to the figures given on May 27. Then the hon. gentleman continued:

The figure of $2,557,559,903, which is the difference between the increase in total debt from September 1, 1939, to March 31, 1945, together with revenues in the period September 1, 1939 to February 28, 1946, on the one hand, and total expenditures in the period September 1, 1939, to February 28, 1946, on the other, represents an excess of receipts (including borrowings) over expenditures. This excess would be reflected in the books of the government by increases under various accounts classified as active assets (cash, loans, investments, etc.)

This leaves $7,500 million unaccounted for. The figure of $24,626 million for war expenditure was incomplete, because victory loans and extra-parliamentary expenditure during the fiscal year ending March 31, 1946, were an additional part of the debt and should have been added to this figure. That amount would be approximately $5,000 million. Therefore the total war expenditure, including war revenue up to February 28, 1946, and war debt up to March 31, 1946, should amount to about $29,626 million. A recapitulation of the above figures would give this result:

	million
Total revenue from September 1, 1939, to February 28, 1946, and war debt to March 31, 1946	$29,626
War expenditure	22,068
Not accounted for	**$7,558**

This amount of $7,558 million which has not been accounted for represents $2,000 million more than all the deposits in the ten Canadian chartered banks. It is one-fourth the total expenditure of $30,000 million during the war. It is a very serious matter.

I was the only member to complain against the Bank of Canada when it was established. Now the books of the Bank of Canada apparently balance, but there is a secret; there is a mystery behind the doors of the Bank of Canada, and it is impossible to get any information about that. When the banking committee studied the Bank of Canada Act a couple of years ago the attention of hon. members was ably directed elsewhere by a discussion of the supposed hidden reserves of the banks. Much noise was made about it, but no member of parliament took advantage of that unique opportunity to get information about the Bank of Canada itself. I warned some members that a trick was being played; I warned the house and country that it was dangerous to have amounts unaccounted for when we debated the gift made in 1943. But that was a trivial matter; it was a casual matter of no importance!

Now there is an amount of $7,500 million which apparently is unaccounted for. In May I asked for information about the amount of the debt to the end of the fiscal year ended March 31, 1946. The only information I got was to the end of the fiscal year preceding. Every business man has accounts showing the operation of his business each morning when he comes to his office. He finds that information on his desk each day. I wonder if the Minister of Finance is not informed day after day as to the amounts of the debt of Canada. If we are to be the bankers of the world, then business should be done otherwise, because that figure of $7,500 million represents the amounts collected in several of the victory loan campaigns.

I do not cast any doubt upon the honesty and integrity of the Minister of Finance or his parliamentary assistant. I do not cast any aspersions of dishonesty on anyone in the Bank of Canada. But the day of mystery should be ended. The time has come when the House of Commons should scrutinize the business of the Bank of Canada; and the Minister of Finance should be responsible to the people, just as in the days of Fielding, White and Jim Robb.

Parliament is in the impossible position of being unable to get information about the business of the country. Money is spread everywhere, but when we ask for an accounting it is hard to get. Probably it will be made later. I wonder if that is the reason the budget has been delayed so long. Perhaps it may be made. As this document states:

> This excess would be reflected in the books of the government by increases under various accounts classified as active assets (cash, loans, investments, etc.)

When Mr. Dunning was Minister of Finance I asked him for information about the personnel of the Bank of Canada. But his reply was, "No, that is a secret". When Mr. Bennett, upon my advice to one of his secretaries, left for the Antipodes, he took with him a doorman from the Bank of Canada named Brooks. Upon his return I asked the government of that day if Brooks' salary had been paid by Mr. Bennett or by the Bank of Canada while he was travelling with Mr. Bennett. The answers by the Prime Minister and by Mr. Bennett were that I had been very bold in asking such a question, and that no member of parliament should inquire about the Bank of Canada. They said it was very bad manners to ask if Brooks had been paid by the Bank of Canada or by R. B. Bennett.

We are responsible to the people of Canada for the money that is spent outside and inside the country. We must be in a position to inform our constituents when they ask us for information in these matters. It is our duty; are we neglectful of it?

We live in strange times. On one occasion I complained about a man who, it was supposed, had sold the same coal three times; but no one was scandalized. Everyone considered him smart. These are the signs of the times. We are neglectful; we are careless; we pay no attention to these matters. Then, afterwards, some people will complain about taxation. They are ready to throw away their money outside, anywhere. We help the world, but we cannot look after our own business.

Sir, you will remember how many times I have insisted that the Minister of Finance bring in some reform in the matter of public accounts. The help I got was from two hon. members opposite, the hon. member for Broadview, and the hon. member for Davenport, who is now in his seat. Now when members of parliament complain about high taxation, they will remember that they made no move to reform public accounts. They voted for the loans which we had not the means to make. Having done that, they cannot complain about high taxation; it would seem that they want it. They are responsible before the people of Canada for that high taxation. I wonder if they will not realize the time has come to make a check

on public business, to scrutinize the operations of the Bank of Canada and to make the Minister of Finance responsible again to the House of Commons in conformity with the old principle of ministerial responsibility.

I have asked information about government agencies, the chief of which is the Bank of Canada, including its subsidiaries, such as the foreign exchange control board. That board, it will be recalled, is operated by a man trained by Montagu Norman, and another man, who were doing so much at the Bank of International Settlements in Switzerland, and who during the war were shaking hands with Germans under the table. Those people are here. They are supposed to be internationally minded; I am not. I am nationally minded, although I am not a nationalist. I consider that the Canadians who are here should be considered first, and before any other peoples in the world. It is in their defence I speak to-day. As usual, perhaps I shall have the support of one member—or two. If there are two, there will be a crowd in support of my contentions.

I wonder what the people of Canada think about it. These figures are available; they can be collected by the Bank of Canada. It is very easy; anyone could do it. It is only a matter of bringing together the various increases under different accounts classified as active assets, cash loans and investments. Let it be done; let us place responsibility where it should be. Let us say that it has gone somewhere—to the Atlantic, the Pacific, the north pole, or the south pole; we do not know where. But the money has gone.

Let us suppose that one has an estate of $100,000, and that it is to be administered by someone who, while honest, may be incompetent. When the time comes for the rendition of accounts, they are rendered for only $75,000. Where has the other quarter gone? Where is the $25,000? No one knows. It is unaccounted for. That is the situation here.

I have simply given in miniature the true picture, which I believe to be my duty. I have informed the house. I wonder if the budget debate will simply be a matter of patting on the back, saying that everyone has done wonderful work, and that we must not disturb those gentlemen in the Bank of Canada who are so very competent and who are under such heavy strain because they work so hard!

One time I asked Mr. Dunning how much Graham Towers received. When I asked if it was $35,000 the minister was indignant, and replied, "Not at all; it is only $30,000." In spite of all this incompetence, which has scandalized me, I see a further notice in the papers that these fellows in the Department of Finance are to have a boost in salary because they have done so magnificently. Yet they cannot render accounts for $7,500 million out of expenditures of $30,000 million.

Mr. MacNICOL: A salary of $30,000 is a more pittance.

Mr. POULIOT: It is a small thing. I hope I have awakened the house to its responsibilities, and I hope that every hon. member, no matter to what party he belongs, realizes that he has a responsibility to protect the Canadian people against the incompetency of men who perhaps with the best motives in the world have ruled rich concerns in the state.

Then a word about university degrees. Oh, that is a bad thing. I remember that one of these men came to Mr. Bennett and said, "Mr. Bennett, you are not acknowledged as you should be on the North American continent. You should be made a doctor of laws in all the universities of this country." Mr. Bennett said, "Well, you are fair to me; you are a decent chap, and I appreciate what you say." Then Mr. Bennett was made doctor of laws in universities where he had never placed his foot. This is just a form of flattery. These people wear their mortarboards and they begin to think that they are held in higher esteem by the Canadian people. It is still done, and perhaps it is something that should be done more generously.

Members of parliament show a lack of courage and are unfaithful to their duty when they do not denounce those who consider themselves to be high above us and who really govern this country. If I had the proper words at my command I would tell the Minister of Finance and his assistant that I am sorry that they have not the nerve to follow what was done for this country by the pioneers and builders of the past, by men like Fielding, White and Robb. Those men were ready to defend the rights of the people within the precincts of parliament, and that is where it should be done.

At first the Bank of Canada was a private concern with individuals subscribing to some of the capital stock. Then it was taken over by the government and became a public institution. I do not know why the Bank of Canada is not abolished. I do not know why the foreign exchange control board is not abolished. I do not know why ministerial responsibility is not exercised again by the Minister of Finance, why there is not responsibility to the members of parliament who in turn are responsible to the people of Canada.

I have said this many times and I am repeating it to-day. It is pretty hard to follow figures when they are being read, but hon. members can read them to-morrow in *Hansard*. They will then see that there is something behind them. When I am not satisfied with an answer that is given to me I check the figures, and I felt that the discrepancy in the figures that have been given to me was so great that the matter should be brought to the notice of my colleagues in the house, which I have done.

Mr. DIEFENBAKER: Mr. Chairman, we in the opposition agree with the hon. member for Temiscouata when he says that parliament should have the fullest information and be able to make the strictest examination of the country's accounts. May I add that we are happy to know that the hon. member has disavowed his vow of silence and is once more giving us the benefit of his wisdom.

There is a matter I should like to bring up which has to do with the wartime prices and trade board. For some time the press has reported various small rackets in coupon distribution in different parts of the country. Only to-day La Banque Provinciale du Canada were notified by the wartime prices and trade board that after July 31 next they will not be permitted to participate in the arrangement for ration coupon banking. The announcement was in the form of a release made outside of parliament while parliament is sitting. The officials of the board explain that this bank has been warned of its method of handling coupon accounts. They say that safeguards recommended by the board to protect the public have not been lived up to by this bank; therefore in the public interest, the board has no alternative but to terminate the arrangements with them. This is the first opportunity we have had in the house to ask what irregularities have been ascertained—because they must have been widespread—how long they have been going on, and what safeguards recommended by the board were not lived up to. Recently the press reported the investigation had indicated that about a million fake or false butter coupons had found their way into the chartered banks. Apparently the bank in question was warned that its activities were illegal. What measures are being taken to ensure that in common with ordinary wrongdoers they will be prosecuted according to law? I am sure the government would wish to acquaint the country at the earliest possible opportunity with all the circumstances of this investigation and to indicate what action the government intends to take in order to prevent a repetition of any such practice. If the situation was sufficiently serious to warrant cancellation of the right of a bank to operate ration coupon banking for the wartime prices and trade board, why is the right not cancelled immediately instead of being continued for over a month?

Mr. CHURCH: Mr. Chairman, this is a resolution to vote interim supply of one-twelfth, amounting to $136,000,000. Fifty years ago last Sunday, on June 23, 1896, the Liberal administration of Sir Wilfrid Laurier came into power pledged to retrenchment. The whole year's budget of the first year they were in power amounted to $36,000,000, which is $102,000,000 less than the one-twelfth that is being asked for now. We are spending billions to-day compared with millions then. There are many good business men in this house, but certainly this house does not conduct its business in a businesslike way. We are now being asked to vote one-twelfth of the whole year's supply from March 31, 1946, when hardly any estimates have been passed at all. In a few weeks another one-twelfth will be asked for, and on the 12th of July, no doubt, another one-twelfth. What we are really doing is making post mortem examinations of expenditures. We might just as well go home. John Hampden stood for an important principle when he refused ship money to the king. The hon. member for Temiscouata made a good stand last session and the session before; he was contending for a principle, and that is what we should do in this house. We should see that there is a proper examination of the estimates before they are voted.

The House of Commons has gone down in public estimation. The press came into being because of a lack of real parliamentary representation, and the press to-day represents public opinion more than do the members of the House of Commons, because our rights and privileges are continually being taken away from us, with the result that we have this way of doing business. I contend it is all wrong. The principle is entirely wrong. This is the sixty-seventh day of the session, and the budget has not yet been brought down. We shall be considering it in July and the session will go on until August, and probably September before we get through. That will mean that for six months of the year the money will have been spent, voted one-twelfth at a time, but, with very few estimates having been passed, and some of the departments have not yet been called in supply. There was some reason for proceeding in this

way during the war, but the war has been over for a year, and no budget has been brought down yet.

They do things differently at Washington. There they have applied the axe to expenditures. We are a country of only eleven millions of people, with nine provincial governments and all the municipal governments. Over-government and over-taxation is the curse of this country. Expenditures are being made without public control. We used to have an auditor general. He used to have certain powers, but they have been taken away. He is picking up quite a bit after the criticism of his reports and is doing a bit of checking, but it does not amount to anything because there is an official over him called the comptroller of the treasury. You have a war appropriation bill, A, B, C, D, E, and once the accounts go through within the terms of the appropriation bill, the account is stamped and paid over the head of parliament without any control at all. The country will face bankruptcy if we continue to conduct business in that way. A number of small business men have already been driven out of business by the controllers that have been appointed. Only the other day the owner of a house in Toronto was evicted from his own home and taken to Pape Avenue police station in my constituency. Under an absurd housing regulation issued by the housing controller this man could not get into his own home. I have examined these various controllers and boards and it is time they were all wound up.

Take an institution like the Canadian Broadcasting Corporation. It collects a licence fee of $2.50 and spends public money on capital accounts and yet it is contended that it is a private corporation, not a public corporation. Is it any wonder that the tax rate is as high as it is, and that people cannot pay their income tax? Is it any wonder that the small business man cannot continue in business? There has to be a change for the benefit of the people. Under the comptroller of the treasury we mostly have no control at all of expenditures and no control of the chiselers. There were some real Liberals in 1896. Alexander Mackenzie, it used to be said, slept on the strong-box. He has no counterpart in liberalism to-day. They have even moved his monument into the back yard. Every Tom, Dick and Harry who wants to come to Ottawa and raid the treasury finds no one guarding the nation's strong-box. The people are looking to parliament to do something, and we are doing nothing. If the municipal governments conducted their business the way we conduct ours in this House of Commons, they would be prosecuted under the Municipal Act for not having done their duty and would be dismissed at the next municipal election. We have no check on our business or on our expenditure. I do not suppose there is much use in protesting, but this is the place where the protests should be made. We cannot go on indefinitely in this way under this new 1946 type of liberalism, where we are spending money like water over the head of parliament, over the heads of the responsible ministers and without any public check at all. If this is the way we are going to conduct our business it is no wonder that parliamentary institutions are going down and down and down in public estimation.

Mr. MAYHEW: The hon. member for Temiscouata evidently believes that it is better to give than to receive, because he left the chamber after making his remarks. The only criticism I have to make is of his statement that the information was hard to obtain. He was hasty in making that statement. I do not think he had any right to make it. When he asked for information from the department it was immediately supplied to him, and the suggestion was made that if he could not then reconcile the figures given to him, we would have someone from the department visit him and try to show him exactly what was meant by the statement. As to the rest of his statement, it will be brought to the attention of the minister and of the governor of the bank.

As to the statement made by the hon. member for Lake Centre, I am not familiar with the matter, but it will also be given attention, and as soon as the information can be obtained it will be brought down. I expect that in a very short time there will be an opportunity to discuss this if it is necessary. The estimates for the mounted police will come on just as soon as the estimates for health and welfare have been dealt with, and any information we have can be given at that time. I hope that will meet the hon. member's request.

Mr. DIEFENBAKER: I would not wish to put the parliamentary secretary in an embarrassing position. But there was a press release on this matter to-day, and I cannot see why parliament should have to wait three or four or five weeks for the estimates of the wartime prices and trade board in order to get the information. I ask the parliamentary assistant to have the information furnished to-day. Parliament is entitled to any information given in press releases and more. I do not want to be unfair to the parliamentary assistant, but I do insist on the information being given now, to-day, before this resolution is passed; otherwise it is just one more instance of parliament

being ignored. The hon. member indicated that if it was necessary to give any information, possibly it could be given later. I am sure what he meant was that after the matter had been checked with the wartime prices and trade board the information would be forthcoming. I ask for it to-day.

Mr. MAYHEW: I think the hon. member for Lake Centre misunderstood what I said. I said the information would be supplied to him just as soon as possible, possibly when the estimates for the mounted police are brought down, which will be immediately following the National Health and Welfare estimates, probably later to-day, certainly not later than to-morrow. The matter can then be gone into in detail and we can furnish him with all the information in connection with it—not on the estimates of the wartime prices and trade board.

Mr. DIEFENBAKER: No one knows whether the matter has been brought to the attention of the Department of Justice. All we know is that the wartime prices and trade board did certain things. The wartime prices and trade board is under the Minister of Finance, who has introduced the resolution now before us. If we wait until later in the afternoon the Minister of Justice may say; of course the matter has never been brought to my attention; you had better get in touch with Finance; and we shall be back again on the regular old performance. We are entitled to the information now. The press release issued to-day says that certain wrongs have been ascertained on the part of La Banque Provinciale du Canada, that apparently it has been neglectful of its duties and responsibilities, to such an extent that, after warning, the board has found it necessary to cancel this bank's right to handle the distribution, allocation, or cashing of coupons. If the matter is as serious as that, surely parliament is entitled to have the information when we are being asked to vote interim supply, part of which will certainly be used for the commodity prices stabilization fund and other activities of the wartime prices and trade board.

Mr. MAYHEW: I do not disagree at all with what the hon. member has to say. I think he is entitled to the information, and I promise to get it to him as soon as I possibly can. Evidently the Minister of Justice did not have the information when he was in the chamber a few moments ago. I have not had an opportunity of seeing the Minister of Finance to discuss with him whether he has it or not, but as soon as we are through here I shall endeavour to get the information, and if it is possible to do so it will be given to the hon. member to-day; if not, just as soon as we can get it, and there will be full opportunity to discuss it.

Mr. COLDWELL: Can we get a copy of the press release? Some of us have not seen it. The case made out by the hon. member would indicate that we should get this information at the earliest possible moment, and it strikes me that the hon. member is asking for it at the right time. Apparently even the Department of Justice and the Minister of Finance have not had time to prepare a statement for the house. I think we should have an understanding that we can go into the matter without delay.

Mr. LOCKHART: Who prepared the press release?

Mr. MACKENZIE: I do not know. I never saw it.

Mr. MAYHEW: I have promised the hon. member that I will give it to the committee just as soon as I can get it. I hope I shall be able to get it at six o'clock.

Mr. LOCKHART: Then the matter stands.

Mr. ROSS (St. Paul's): A little while ago a return was brought down at my request showing the number of people in the employ of the government of Canada, including boards and commissions. I can understand the necessity of increases from time to time during the recent past in the number of employees in the dominion service, but the war has now been over for more than a year, and the time has come for a little economy. On March 1, 1945, we had 149,698 civil servants, including officials of boards and commissions and so on, in the employ of the government of Canada: at that time they were paid $19,158,059 per month. As I say, the war has been over for a year, and it seems to me we should have had some economy practised in that time, something should have been done; but now what do we find? The reduction in personnel is about 900; that is, on March 1 of this year there were 148,711 people in the employ of the government of Canada, and we paid them $19,949,329 per month—roughly $20 millions. There must be something wrong. The people of Canada demand economy, and we on this side of the house want to see economy practised. There is no economy in a reduction of only 900 in the number of federal employees in one year; and this return is inclusive of all the people in the employ of Canada. Not only that, but the increase in the monthly pay has been roughly $800,000. I can understand that, because there have been increases

in civil servants' salaries. The government ought to get busy and start to count the pence and see if we cannot have a little real economy so that there shall be a reduction in what the Canadian people have to pay in taxes.

Mr. MACDONNELL (Muskoka-Ontario): I am wondering whether we might reverse things and have those of us on this side of the house find out what has been happening, and tell the government. But speaking more seriously, it does seem to me, as the hon. member for Lake Centre has said, that this is just one of those cases which bear out what we feel very strongly, that these independent bodies are indeed independent and do all kinds of things without even bothering to take responsible ministers into their confidence. That is not certain, but it would look as if it may be so; therefore these things should be brought to notice and seriously considered; I do not think the matter under discussion should be regarded as a mere affair of routine on which we will get information. I have no doubt that the parliamentary assistant will get the information as soon as he can. But is this matter not more significant in that it indicates the degree of seriousness with which these things are dealt when they are brought before the house?

Mr. MacNICOL: I should like to make a brief comment on the remarks of the parliamentary assistant in reply to what the hon. member for Temiscouata said. I warn the parliamentary assistant that the hon. member for Temiscouata is one of the greatest diggers for information in the House of Commons, and when he makes a statement he usually has the facts under his hand. If the parliamentary assistant does not remember what the hon. member for Temiscouata said—he made some startling statements which have not been answered, and my experience has been that he has always been a stickler for full information being placed before the House of Commons—my suggestion to him is that he read the statement of the hon. member for Temiscouata carefully and give us the reply at the first opportunity.

Mr. MACKENZIE: May I say humbly that general assent was given by the house to the granting of interim supply. As I announced last night, we intend to go into supply later to-day, when all these grievances may more properly be ventilated. May I suggest that we make progress with interim supply?

Mr. STIRLING: Do I understand from that remark that opportunity will be given to the parliamentary assistant to give the information?

[Mr. D. G. Ross.]

Mr. MACKENZIE: Yes.

Mr. STIRLING: Is it the government's intention that there will be that opportunity?

Mr. MACKENZIE: Yes.

Mr. STIRLING: Otherwise I was going to ask whether it would not be fitting to ask the committee to rise, report progress and ask leave to sit again to-day so that we might have that opportunity.

Mr. MACKENZIE: An opportunity will be given to criticize whatever information is furnished by the parliamentary assistant later to-day, of we should again get into supply, and I hope we shall.

Mr. STIRLING: My point is that when the motion is presented the Speaker will be in the chair and there will be no opportunity for questions and answers. When the motion is carried and we get into the Department of Justice or some other department, have we assurance that this matter can be again discussed?

Mr. MACKENZIE: Yes.

Mr. STIRLING: With the consent of the committee.

Mr. MACKENZIE: If that is the decision of the committee, it certainly will be. I can assure the committee now that later when we reach committee of supply, every opportunity will be given to ask questions in regard to this matter.

Mr. DIEFENBAKER: Do I understand that when we get into the Department of Health and Welfare or the Department of Justice, any hon. member will have the right to bring up this question?

Mr. MACKENZIE: Yes.

Mr. DIEFENBAKER: To ask questions on it; we shall not be cut off from asking questions or getting the information because of the fact that this matter does not peculiarly come under the department under discussion?

Mr. MACKENZIE: Definitely, yes.

Mr. DIEFENBAKER: It is not a matter of just a grievance, as the minister said; it is more than a grievance; it is a serious charge against a bank in this country for malfeasance or misfeasance in connection with coupons used. Apparently the wartime prices and trade board must have acted without the minister or the government knowing anything about it, because when they read the press release which I sent over to them, they all showed

that surprise which we on this side often have to show when we have not seen the matter until it comes before the house.

Mr. MACKENZIE: Neither did they.

Mr. PROBE: I presume the assurance given by the Minister of Veterans Affairs covers merely the matter with reference to La Banque Provinciale, which was under discussion. I should like to ask one or two questions with respect to the policy of the wartime prices and trade board. When a price is set by the board on agricultural implements, for example—because that is the thing I have in mind—is it the ceiling price at which the machinery may be sold? Must that machinery be sold at that price, or may it be sold at less than the ceiling price? If it must be sold at that price, how are the instructions sent out?

Mr. MAYHEW: The 12½ per cent increase on farm machinery was the maximum price that could be charged for machinery. They may sell as low as they wish. It is not a directive that they must sell at that price. They must not sell above it.

Mr. PROBE: A ceiling price exists, but not a floor price?

Mr. MAYHEW: That is right.

Mr. PROBE: Is that true generally of the commodity market?

Mr. MAYHEW: That is true of all.

Resolution reported, read the second time and concurred in. Mr. Mayhew (for Mr. Ilsley) thereupon moved for leave to introduce bill No. 198, for granting to His Majesty certain sums of money for the public service of the financial year ending the 31st March, 1947.

Motion agreed to, bill read the first and second times, and the house went into committee thereon, Mr. Golding in the chair.

Section 1 agreed to.

On section 2.

Mr. STIRLING: Referring to the matter which was brought up by the hon. member for Lake Centre, would the minister leading the government be good enough to go one step further and say that the house will go into committee of supply this evening? It is conceivable that the bills which stand between us and committee of supply may drag on, and we might not reach supply.

Mr. MACKENZIE: Yes; if it is the desire of the house we shall go into supply, and before adjournment of the house this evening we shall give ample time for discussion of the matter brought up by the hon. member for Lake Centre.

Mr. CASE: We have not a copy of the bill.

Mr. MAYHEW: An interim supply bill is never printed.

Section agreed to.

Preamble agreed to.

Bill reported, read the third time and passed.

RAILWAY ACT

TRAINS OR CARS MOVING IN REVERSE OVER HIGHWAY CROSSINGS

Hon. LIONEL CHEVRIER (Minister of Transport) moved the second reading of bill No. 138, to amend the Railway Act.

Motion agreed to, bill read the second time and the house went into committee thereon, Mr. Golding in the chair.

On section 1—Trains moving in reverse.

Mr. STIRLING: May I endeavour to persuade the minister to make a statement?

Mr. CHEVRIER: The amendment sought in this bill is simple, and I think will commend itself to the house. It has to do with the movement of a locomotive and its tender operating in reverse. It happens from time to time that locomotives must move in reverse, and the section has always aimed at protecting the public when the locomotive is moving over unprotected crossings, by posting a man on the front of the tender. This amendment seeks to eliminate the placing of that man on the tender.

Perhaps I should give a brief history of the legislation having to do with this section.

The origin of section 310 was section 276 of the Railway Act, which was passed in 1901. The language of that section was very clear. It stipulated that in any city, town or village, on any train passing over or along a highway at rail level not headed by an engine moving forward in the ordinary manner, the company should station on that part of the train or of the tender, if that is in front, a person who should warn persons standing on or crossing or about to cross the track of such railway. The railway brotherhoods objected strenuously to the posting of that man. They did so for many reasons, one of them being that when the locomotive completed its run the engineman often was required to leave the engine, after being in a very warm temperature for hours, and come down on the tender in

order to ride the tender back to the roundhouse. Over the years they objected strenuously to that. The various railway companies admitted that there was some foundation for the objections raised by the brotherhood and attempted to rectify the difficulty by having an amendment passed in 1910, which was chapter 50 of the statutes of Canada for that year. But that amendment gave a discretion to the board of railway commissioners, and that did not work out satisfactorily. It was not until 1917 that satisfaction apparently was obtained by eliminating the words, "or of the tender if that is in front" so that by chapter 37 of the statutes of 1917 it apparently became no longer necessary for a man to be posted on a tender when a train was moving backward. Perhaps here I should just read that section, because it is pertinent. Section 276 as enacted by chapter 37 of 1917 reads as follows:

> Whenever in any city, town or village, any train not headed by an engine is passing over or along a highway at rail level which is not adequately protected by gates or otherwise, the company shall station on that part of the train, which is then foremost, a person who shall warn persons standing on, or crossing, or about to cross the track of such railway.

The words "or of the tender, if that is in the front" were eliminated, so that it became no longer necessary to post a man on the tender. But following an accident which took place in the city of Hull the privy council placed an interpretation on this section which decided that a locomotive and a tender is a train. So by virtue of this interpretation it became necessary again to place a man on the tender. I say this because the intention of parliament in 1917 was quite clear. It was the intention then to do away with the posting of that man, but parliament's intention was interpreted in a different way by the privy council.

In order to meet the intention of parliament as enacted in 1917; in order to meet the wishes of the brotherhoods, of the railway association of Canada, this amendment is now sought; and it is framed in such a way that the words "or its tender" have now been added after the word "engine", the effect of this being that the legal interpretation of the word "engine" is now overcome, so that in the opinion of the law officers of the Department of Transport it will become no longer necessary to post a man on the front of a tender when the locomotive and its tender are moving in reverse.

Mr. STIRLING: What is the position if the locomotive and tender are shunting a train of three cars behind them? Does the man go on the end car?

[Mr. Chevrier.]

Mr. CHEVRIER: Yes. It is necessary for a man to be posted on the end of a number of cars if they are being pushed backwards by a locomotive and its tender. I said a moment ago that this legislation was requested by the joint legislative committee of the railway transportation brotherhoods. It has been endorsed by the railway association of Canada and approved by the Board of Transport Commissioners for Canada. I should like to read an opinion of Sir Henry Drayton in which he covers the point fully. This was an opinion he gave prior to the enactment of the statute of 1917, when he said:

> In the opinion of the operating department—

That is of the board of railway commissioners.

> —a man on the tender when the engine leads the movement, although backing, serves no useful purpose. In the case of almost every engine, as a matter of fact, the engineer has at least as good if not a better view of the track in front of him as in the case of a front movement, a tender nearly always being shorter than the boiler and other engine works in front of the cab; and, in the case of a reverse movement, as a usual thing, there is no possibility of the view being obscured either by smoke or steam.
>
> In other words, it would appear that, if a man on the tender is necessary, a man is also necessary in the front of every locomotive operating over crossings.

Mr. STIRLING: What has become of the objection raised by the railway brotherhoods, that they did not desire their members to get out on the back in cold weather?

Mr. CHEVRIER: This meets the objection. This amendment to the Railway Act is being enacted to meet their objection.

Mr. STIRLING: How does it meet it?

Mr. CHEVRIER: By doing away with the necessity of posting a man on the tender of the train moving in reverse. That is what the amendment does.

Mr. COLDWELL: What protection is the public given in this regard?

Mr. CHEVRIER: The public does not need protection in this matter. The opinion given by Sir Henry Drayton, and that of the board of transport commissioners, is that locomotives are so long to-day that the engine man or the fireman who is in the cab of a locomotive has a much better view of objects crossing the highway than would a man posted down below at the foot of the tender.

Mr. COLDWELL: That is probably correct.

Mr. MacNICOL: What happens when a train is backing up, with the engine and tender probably a quarter of a mile away? Does the brakeman not have to be on the end of the car going forward?

Mr. CHEVRIER: Yes; it is necessary to post a man on the rear of the train. The law remains the same in that respect as it was before. This has to do only with the tender, not with trains which might be in the front of the tender.

Mr. MacNICOL: In the circumstances set out in the act, the engine and tender if backing up would really be at the wrong end of the train.

Mr. CHEVRIER: Yes.

Mr. MacNICOL: The engineer might be able to see just as well; however it was always my understanding that the forward brakeman was the one who stood on the front of the tender when it was backing up. I did not think the engineer or fireman did that.

Mr. CHEVRIER: That is what brought about the discussion in the matter. When the act was passed in 1917 the brakeman did not do it. Either the fireman or the engine man had to go down from the cab, and go out in front. Because of the protests of the brotherhoods, for a time the companies used yardmen who were doing work at the stations. They would jump on the front end of the tender. There was difficulty about that, and finally the decision was made to amend the section by doing away with the man altogether. It was not done by the brakeman.

Mr. MacNICOL: It was done by the forward brakeman.

Mr. CHEVRIER: No, by the engine man or fireman.

Mr. STIRLING: It was done by the brakeman on the train, but not on the tender.

Mr. MacNICOL: It is my memory that the forward brakeman, who frequently rides in the engine, would get down and go to what would then be the front of the train, and warn the people to stand back. I am afraid if we eliminate the necessity of someone being on the so-called front of the train when it is backing up, with the long engines and long tenders now in use—some of the cylindrical water tanks are mammoth in size—the public will not have all the necessary protection required. Is the minister satisfied that there will be ample protection?

Mr. CHEVRIER: Yes, and for more than one reason. In connection with an amendment of this nature it is customary to submit the suggestion to the board of transport commissioners. They have an operating branch which goes into these matters thoroughly, and I am informed they have approved this amendment. As far back at 1942, as a result of the demands of all parties concerned—the men and the railway association—an order in council was passed under the War Measures Act doing this very thing. It has been in effect now for at least three years.

Mr. MacNICOL: They are compelled to give ample warning with whistles and bells.

Mr. CHEVRIER: Yes.

Mr. FRASER: Is there any limit to the speed at which a train is allowed to back up?

Mr. CHEVRIER: Yes, there is a limit under the Railway Act. I do not know what it is, offhand, but I can find out.

Mr. COLDWELL: I hope every consideration will be given by the board of transport commissioners and by the government to the elimination of level crossings. I have been a passenger on two trains which hit automobiles, and have seen something of the destruction caused. In one instance a priest and his driver were killed, and in the other a family were pitched out and had to be taken to the hospital. I do not know what happened to them afterwards. We have too many level crossings in Canada, particularly along the main lines of the railways. No matter how much protection we may give in circumstances such as are envisaged in the bill, we do not get to the root of the problem of level crossings. Most countries have endeavoured to get rid of them. During the period of unemployment before the war we were told that one of the projects which would receive consideration by the government elected in 1935 was the elimination of level crossings. I know of only two or three which were eliminated. Far too many of them are still in existence, for the safety of the public. These are different from the days when we had horses and buggies. Traffic moves quickly along the highways, and I take this opportunity to urge upon the government the necessity of making plans to eliminate as soon as possible the level crossing menace. I have in mind highways very close to Regina, where one drives down beside the railway and then makes a sudden turn to cross. One night while driving I saw what I thought was an automobile coming in the opposite direction. It turned out to be a train, and it was only by accelerating very quickly that I managed to get across. The train happened to be a flier, although I had thought it was an automobile on the other side of the track. I just managed to get across; otherwise I would not have been here to-day—and some people might have been thankful for it.

Mr. CHURCH: Who is asking for this legislation, anyway? Last Thursday evening I made reference to the large number of people who are killed on level crossings. A man should be on the engine tender, and I see no reason for making the change. Surely there is such a thing as public rights and safety. The people have just as much right on the highways as the railway companies, especially when the highways were built before the railways came along.

An application has been made before the board of transport commissioners for the building of a subway to eliminate the danger at the Jones avenue and Woodbine avenue crossings in the constituency I represent. That subway should be built, because there is ten times the amount of traffic at that point that there is farther down the line where there is a subway at Victoria park avenue. There is enough loss of life as it is without adding any further to the number of accidents that will happen if this amendment to relieve the railway companies of responsibility is passed. At present they are under the obligation to station a man to warn persons that an engine is moving. There is considerable traffic along the waterfront in Toronto and there is always danger in the moving of coal and other cars. The same thing applies to other parts of the city. Surely some consideration should be given to the public in an effort to prevent the terrible loss of life that occurs at level crossings. Only last week-end twenty-nine people were killed in eastern Canada from various causes, and it is horrible to see the way human life is being sacrificed at level crossings without considering the economic wastage, loss of employment and earnings which run into hundreds of millions. All this is quite apart from the human suffering that occurs.

This bill ought to go to the railway committee in order that the public may be protected. What is the use of having a committee when they never or seldom meet?

Mr. CHEVRIER: They are meeting now.

Mr. CHURCH: I am not opposed to the railways because I believe they have certain rights and they do a great deal of good. In congested cities and towns and in many of the villages along the Lake Shore road there are many danger spots and we should not be relieving the railway companies of providing reasonable and proper methods of protection. In Toronto millions and millions of dollars were spent to build the viaduct. The waterfront roads were there long before the railways came, but the city paid one-third of the cost, something which they had no right to do, in order to provide the necessary protection. The cost to the taxpayers was between $13,000,000 and $14,000,000.

What has become of the policy of the government in connection with level crossings? A return was brought down this session showing that hardly any money is being spent on grade crossings. They used to spend from two to three millions a year on grade separation account, but this was permitted to become a dead letter during the war. This bill ought to go to the railway committee in order that a report may be made and municipalities and others who are aggrieved heard. They have had no notice of this bill. It may have been advertised in the *Canada Gazette,* but we should go slow in a matter like this when human life is involved. We are far behind Great Britain and the United States in connection with grade separation and the protection of the public. The time is coming when the public will stand for this no longer because so many of them are being killed.

Mr. BRYCE: I do not disagree with the matter because I believe he has given quite a lot of consideration to this matter, but I am a little reluctant to vote for a thing like this. I am not going to speak as a parliamentarian; I am going to speak as one who has built locomotives. A locomotive is built to go forward; it is streamlined for that purpose and the engineer can see only ahead with ease. It was expected that when the locomotive had to reverse there would be a lookout on the tender to guide the engineer.

The minister says that the brotherhoods have appealed for this. I know from my locomotive experience that there have been many men killed or maimed for life when a proper lookout was not maintained when the locomotive was just going to the roundhouse. As I understand the bill, when a train is reversing there will be the usual lookout, but this amendment applies only to an engine and tender.

Mr. CHEVRIER: An engine and a tender is a train.

Mr. BRYCE: But when there is a train attached there will be a proper lookout?

Mr. CHEVRIER: Oh, yes.

Mr. BRYCE: I think this is a mistake in the interests of safety.

Mr. CHEVRIER: The railway brotherhoods do not think so.

Mr. BRYCE: That may be so, but I would put the safety of the people before what the brotherhoods want. A lot of men have had to be out in the cold in order to protect the safety of this nation.

Mr. CHEVRIER: The hon. member for Peterborough West asked about the speed of trains moving in reverse. It is ten miles an hour across highways.

With reference to what was said by the hon. member for Rosetown-Biggar and the hon. member for Broadview, I would point out that I made a lengthy statement on the elimination of level crossings on the second reading of another bill to amend the Railway Act which was brought down by the hon. member for York West. At that time I dealt with the question of safety at these crossings.

I pointed out that a committee composed of certain members of the board of transport commissioners had been set up to go across this country to study grade crossings deemed to be dangerous, in order that they might be eliminated as a post-war project. That work is being done. While a report has not been made, the investigation is being carried on.

It has been said that no notice of this bill was given. It has been the law now for three years and there have been no accidents. It seems to have met with the general approval of all persons concerned.

Mr. MacNICOL: You are just defining the word "engine"?

Mr. CHEVRIER: Yes. With reference to the point raised that this might take away certain rights from the public, I would point out that it is the other way around if anything. The danger is to the man on the tender. Experience has shown that it is the man on the tender who finds himself in the more difficult position. He is there without any protection. Should a train moving in reverse strike a motorcar, he is more likely to be injured than the man at the wheel of the motorcar. I am not saying that there is no danger to the man in the motorcar, but that is the case.

I want to draw the attention of the committee to the fact that this whole matter was thoroughly debated in 1917 and the house took from the then section 276 the words, "or of the tender if that is in front," because parliament then thought that the elimination of those words were necessary. Had it not been for the decision of the privy council which held otherwise in the case in 1922 to which I referred, there would be no necessity for this amendment. It is just to circumvent and do away with the interpretation by the privy council of section 310 as it stood that this amendment is thought necessary.

Mr. BRYCE: Perhaps I did not get my point across to the minister. When an engineer wants to move his engine in reverse he must put his head out in order to look back. He cannot sit in the position in which he usually sits to drive the engine and look back at the same time.

Mr. LOCKHART: The engineer has a tremendous responsibility if he is to be the lookout man when approaching a level crossing. I would remind the minister that both engines and tenders of to-day are much greater in length than they were fifteen or twenty years ago. Even in that short period there has been a great change in the construction of locomotives and tenders. There is increased danger of course in storms, fog and night driving when the view is obstructed to some extent. Does this relieve the railway of any responsibility for accidents at level crossings under those conditions?

Mr. CHEVRIER: The railway is relieved of the necessity of posting a man on the tender, but it is not relieved of legal liability if negligence can be shown. The common law right and the statute right still remain.

Mr. LOCKHART: The minister is of the opinion that the public is as fully protected without the man being posted there?

Mr. CHEVRIER: I do not think there is the slightest doubt about that.

Mr. LOCKHART: The minister thinks the engineer can handle the situation just as well from a greater distance away?

Mr. CHEVRIER: I do.

Mr. FRASER: The only protection the public has is the rate of speed of backing up?

Mr. CHEVRIER: There is the ringing of the bell and the blowing of the whistle.

Mr. FRASER: You never hear them if it is raining and the windows are closed.

Section agreed to.

Section 2 agreed to.

Bill reported, read the third time and passed.

TRANSPORT STORES

AMENDMENT TO INCREASE ANNUAL MAXIMUM INVENTORY VALUE

Hon. LIONEL CHEVRIER (Minister of Transport) moved the second reading of bill 139, to amend the Department of Transport Stores Act.

Motion agreed to, bill read the second time, and the house went into committee thereon, Mr. Golding in the chair.

On section 1—Inventory.

Mr. MacNICOL: Would the minister give an explanation of the amendment? Just what are the advantages and the reasons for increasing the inventory from $1,250,000?

Mr. CHEVRIER: I was just about to do that. The amendment is a simple one, to increase the inventory of stores at the end of each fiscal year from $1,250,000 to $1,600,000. When the Transport Stores Act was passed in 1937, section 6 provided:

> The inventory of stores at the end of each fiscal year after 1936-37 shall not exceed the amount of the stores inventory established as of April first, 1937, under section three of this act.

The amount of the stores inventory established on April 1, 1937, was $957,368. It was found that this section did not meet the situation, and in 1939 an amendment was sought from the house raising the amount to $1,250,000. The amendment now before the committee seeks to place the inventory at the end of each fiscal year at an amount not to exceed $1,600,000. The hon. gentleman asks the reasons for that. The reason chiefly is the expansion in the Department of Transport. The amount of inventory when the act was passed in 1937 was $950,000, and when one compares that with the inventory to-day, namely, $1,500,000, one gets an idea of the tremendous expansion in the stores from 1937 to date. The expansion in fact has been 45 per cent. It is due particularly to the expansion of the air service branch of the Department of Transport, radio and the like. It is due also, I must admit, to prices which, as the committee knows, have increased considerably since 1937. Unless the amendment is passed the Department of Transport will not be able to abide by the terms of the section.

Mr. MacNICOL: Just one question there. The minister said that the inventory to-day was approximately $1,500,000.

Mr. CHEVRIER: I was in error. I wonder if I might change that. The inventory to-day is $1,374,000.

Mr. MacNICOL: That will do for the purposes of what I have to say. I can easily understand why it might be up from $1,250,000 to $1,375,000 approximately. But is there no control to prevent those in charge of purchasing from exceeding the amount of $1,250,000 until it is now $1,375,000? I can appreciate the reasons for the increase, and that makes me ask this question. The inventory at the moment is $1,375,000 and the amendment asks for an expansion of another $225,000. It is quite conceivable that even this amount will be passed shortly and that another amendment will be necessary providing for a further increase.

Mr. CHEVRIER: The only reason I can give for the increase is one of expansion. In 1939 there were not the number of divisions that there are now. Civil aviation in 1939 did not have the stores it has to-day. There is a difference between purchases and stores. The stores which we have in the Department of Transport at the end of each fiscal year are in the canal division, marine division, civil aviation, meteorological and printing and stationery divisions of the Department of Transport. Each of these divisions has increased, but none of them has increased with the celerity that civil aviation and radio have, and it is because of the expansions in these divisions that it is thought necessary to increase the inventory at the end of each fiscal year.

Mr. FRASER: It is mostly price that has accounted for the increase?

Mr. CHEVRIER: No. That is just one factor. It is mostly expansion.

Mr. FLEMING: Would the minister give the committee a statement as to the inventory of stores at the conclusion of the last fiscal year, so that we may have some basis of actual comparison with the figure now sought?

Mr. CHEVRIER: Yes. In order that the hon. gentleman may get the figures as I have them, on April 1, 1937, the inventory of stores was $957,000—I am not giving odd dollars and cents. To-day, by which I mean April 1, 1946, the inventory was $1,374,000 or an increase of 45 per cent.

Mr. FLEMING: Has that increase been a steady ascent in the years between 1937 and 1946?

Mr. CHEVRIER: Fairly.

Mr. FLEMING: Perhaps the minister will say if it was higher at any time than $1,374,000, or does that represent the peak at the conclusion of the fiscal year?

Mr. CHEVRIER: That represents the peak at the conclusion of the fiscal year 1946.

Mr. FLEMING: I did not make my question clear. Does this represent the peak among these years for the inventory at the conclusion of a fiscal year?

Mr. CHEVRIER: My recollection is no, that it does not, that at one time it was higher than the $1,374,000, but still under the $1,600,000 which we require here.

Mr. FLEMING: Would the minister say something further with reference to this expansion? He has said in general terms there has been an expansion, particularly in connection with civil aviation. Would he be a little more specific and indicate what this expansion of stores consisted of? What relation has it, for instance, to Trans-Canada Air Lines? Is any portion of this inventory related to expansion in operation of Trans-Canada Air Lines?

Mr. CHEVRIER: Yes. During the past few years the increases, as I told the hon. member for Davenport, have been confined chiefly to air services, and in air services particularly to radio and aviation materials. The table I have before me shows that the increase has been far more rapid in the meteorological and aviation divisions than in the others. The other divisions of transport have remained pretty much static. There has been a small increase but nothing to worry about. In the others the increase has been more rapid. Future civil aviation requirements are difficult to forecast. From what we know of the value of stores in aviation to-day it is felt that all this increase will ultimately be required.

Mr. CHURCH: Would the minister say what was the inventory value one year before the war? As he knows, a whole lot of dilapidated stuff and junk is kept; I have seen it in yards throughout the system. Did the minister in drafting this bill have the appraisals; and what was the book value, the market value, the par value? There will be an inventory value on the books of approximately $1,600,000. Has the minister a par value and a book value of his inventory, too; are the stores replaced, and is a definite sum set aside each year in connection with this value, because it is largely a bookkeeping item? As we know, the Department of Transport has not been spending an awful lot of money during the war in this branch of its work.

Mr. CHEVRIER: The hon. gentleman asks what the value was in some year during the war. I cannot tell the hon. member. The only values I have are those in 1937 and those of to-day. But I can get the information for him. So far as par value is concerned, there is no such thing, but there is a book value, and I shall be glad to get that for him.

Mr. COCKERAM: Will the minister tell us how much of these stores at the end of April were expendable, and what was the amount of saleable goods; what are expendable by the department and what are saleable to the services?

Mr. CHEVRIER: They are all saleable. They can all be used and sold; there is no question about that; and as far as their expendability is concerned they are there in our stores to be used. For instance, we have seven or eight marine agencies all across Canada; one of these marine agencies is at Prescott; one is at Saint John; one is at Quebec; and the stores are there to be used by various branches of the marine agency from time to time. They are expendable at any time.

Mr. FLEMING: What would happen if the inventory of stores at the conclusion of a fiscal year exceeded the limit fixed by the statute?

Mr. CHEVRIER: It is not anticipated that that position will arise, in view of the statement which I gave the committee a moment ago, because the rise has been gradual from 1937 to 1946. Even if it did rise, it could only rise in the same proportion, and this amendment relating to a maximum of $1,600,000 will certainly keep it within the confines of the act. Later, we can seek another amendment from parliament if such should be necessary. The only thing I can do is to take the opinion of the officers of my department who say that this is ample for the time being and within the next few years.

Mr. COCKERAM: They have not exceeded the limit in the past?

Mr. CHEVRIER: No; the limit has never been exceeded.

Mr. COCKERAM: Right now?

Mr. CHEVRIER: No. Perhaps I should have told the committee that by virtue of P.C. 2589 of April 1, 1943, the inventory of stores was extended to $1,500,000, and that was then the financial limitation put upon the stores. So that at no time was the amount exceeded.

Mr. FRASER: With this act you can exceed it at any time by putting through an order in council?

Mr. CHEVRIER: No. This act is simply giving statutory effect to what was done by order in council by virtue of the War Measures Act; and I need not tell my hon. friend that he would be the first to object strenuously if we attempted to hoist the inventory of stores by virtue of the War Measures Act, at any time. That is exactly what we do not want to do.

Mr. STIRLING: Do I understand that at any time during a fiscal year the total amount might exceed this figure but it must be reduced to that at the end of a fiscal year?

Mr. CHEVRIER: It cannot exceed this figure.

Mr. STIRLING: This deals with the end of a fiscal year.

Mr. CHEVRIER: That is right. At the end of a fiscal year it cannot, if this bill passes, exceed $1,600,000.

Mr. STIRLING: It might have been higher than that during the fiscal year?

Mr. CHEVRIER: It was not, at any time.

Mr. CASTLEDEN: Suppose there is an excess of that amount; do you return these stores? Let us presume that at the end of the year the inventory was $1,700,000. What machinery has the minister to take care of a situation of that kind?

Mr. CHEVRIER: We could not return the stores because they are operating stores; they are used, but we do not anticipate that that will ever arise. It has never happened since this act has been in force, since 1937.

Mr. CASTLEDEN: There may be contingencies, and you should be prepared for that, I should think.

Section agreed to.

Short title agreed to.

Bill reported, read the third time and passed.

CANADIAN NATIONAL RAILWAYS

ACQUISITION OF MANITOBA RAILWAY

Hon. LIONEL CHEVRIER (Minister of Transport) moved the second reading of bill No. 194, respecting Canadian National Railways and the acquisition of the Manitoba railway.

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

On section 1—Assignment of option.

Mr. CHEVRIER: When the house gave first reading to this bill I said that its object was to authorize the Canadian National Railways to purchase the railway and undertaking of the Manitoba Railway company. I went on to explain that in 1901 the Northern Pacific and Manitoba Railway company, the Winnipeg Transfer Railway company, the Portage and Northwestern Railway company and the Waskada and Northeastern Railway company leased to Her Majesty the Queen in the right of the province of Manitoba what was then known as the Manitoba Railway company for a period of 999 years, giving further in the lease an option to purchase the railway at any time during the currency of the lease for $7,000,000. Later, that lease was assigned by the province of Manitoba to the Canadian Northern Railway company. In 1901 the Canadian Northern Railway company came to parliament and obtained the authority to purchase the assignment of the lease, the railway and its undertaking and also the right to take up the option of $7,000,000. The Canadian Northern assigned its lease, and later, the Canadian Northern became a part of the Canadian National Railways, and what the Canadian National Railways seeks now is the purchase of the Manitoba railway.

The lease provides that for the first ten years the annual rental shall be $210,000; the second ten years, $225,000; the third ten years, $275,000, and the remaining period, $300,000. The Canadian National Railways has been paying that rental, but it now finds—

Mr. MacNICOL: At which rate?

Mr. CHEVRIER: The last rate mentioned, namely, $300,000. By virtue of refinancing it finds it can borrow the money at an attractive rate of interest and save at least $90,000 a year. It has therefore sought the authority of parliament to purchase the railway.

The bill is very simple, and may be divided into four parts. First of all, it provides for the assignment of the option in accordance with the terms of the act which was passed by parliament in 1901. Second, it provides for the sale and acquisition of the railway and its undertaking, including certain stock. Third, it provides for clear title, as in any purchase; and finally, it provides for the method of effecting the transfer. That method may be subdivided into three parts. First, the Canadian National Railways may accept the purchase by means of an ordinary deed or conveyance or document under seal as one private individual would from another; or it may proceed again by expropriation as it does normally under section 17 of the Canadian National Railways Act; or it may proceed by deposit of certain plans in the land titles office of Manitoba.

The schedule to the bill provides for the length of line which is being purchased, which amounts to 353·17 miles. It provides for the purchase of seven branches of the Manitoba railway which are known as the Red River Valley railway, the Hope Farm branch, the Morris-Brandon branch, the Souris River branch, the Portage la Prairie branch, the

Lake branch and the Winnipeg Transfer branch; all of which totalled together make 353·17 miles.

As the committee knows, a matter such as this cannot be proceeded with unless it has the approval of the board of directors of the Canadian National Railways. The board of directors did give this matter consideration and by resolution approved the purchase of the railway as an excellent thing for it, first so far as refinancing was concerned and, second, so far as reduction of its fixed charges was concerned. Next, it was made the subject of discussion in the annual budget of the Canadian National Railways, and the railways and shipping committee then had an opportunity of going into this purchase. In its budget for 1946 the Canadian National Railways did provide for the sum of $7,000,000 to be set aside for this purchase. The budget of the railway for 1946 has been approved by the committee on railways and shipping.

Finally, while it may not be necessary for the railway to come to parliament for the approval of this purchase, it is felt that in a matter of this kind it is far better to obtain the best possible title that can be obtained, namely, one from parliament by an act of parliament, than by accepting a deed or by filing plans under the Expropriation Act, or by simply filing ordinary plans as set out in the last part of section 4. I think I have covered generally what I intended to say.

Mr. CHURCH: This particular bill has been before the country for a great many years. I object to a public ownership body, such as the Canadian National Railways, assuming all these dead-ends. The Canadian National Railways have taken over many of these provincial roads that were practically bankrupt. Now you are going to pay $7,000,000 for this one, through the purchase of stock. Some hon. members will remember the Drayton-Acworth report of 1917. The government of the day appointed a royal commission consisting of Mr. Acworth, an eminent British engineer; Sir Henry Drayton, chairman of the railway commission, and, I think, Mr. Smith, who was then president of the New York Central. They reported on the railway situation in Canada, and they found that the growth of the three transcontinental railways had far outstripped the growth of population; that there was overbuilding, and that sort of thing, and as a result the government had to go in and save private ownership, which had failed. This was done by forming the Canadian National Railways, so called, which was supposed to be a public ownership venture.

I object to the Canadian National being loaded up with these dead-ends of provincial railways in almost every province across Canada. In this case they say the property is to be conveyed free of encumbrance, and the transfer is to be effected through a straight stock deal between the vendor and the vendee. The Drayton report condemned this way of doing things. In the first place, the railway commission, now the board of transport commissioners, should have been asked to report on this propostion before anything of the kind should be recommended to this house. Then we have a committee on railways, canals and telegraph lines. What are they doing? They should be looking into this question. We have another committee on railways and shipping. I can find nothing in their report about this particular railway. You know the way Mackenzie and Mann acted out west. Theirs was a political railway first, last and all the time. They came to this parliament and got tens of millions of dollars guaranteed by the government, though there was no business for their railway because it was paralleled by two others. We had a carnival of building, of reckless waste and all that kind of thing, which cost the country a tremendous sum of money.

As I understand it, this provincial railway was leased to the Canadian Northern in 1901 for some $300,000 a year. Now we have a bill before parliament to validate all the mistakes made in that particular province in regard to railways, duplication, waste of all kinds and all the rest of it. That was a sorry day for the people of this country. They are paying for it yet in high railway freight and passenger rates. We had the overcapitalization and overbuilding of railways, with three where one would have done with branch lines running off the main line. These railway magnates went into almost every province and, then, when they faced bankruptcy in 1917 the government was compelled to take over the railways. Public ownership is not to blame in this case; this shows the evils of private ownership. I repeat that in my opinion the board of transport commissioners should be asked to report on this matter before we recommend a deal like this, because for long enough the Canadian National has been loaded up with these dead, bankrupt provincial railways and these dead-ends.

Mr. BROOKS: I quite agree with the hon. member for Broadview that we should be very careful before taking over too many miles of railway in this country. We all remember that before the war our two great railways were going behind at the rate of thirty to forty million dollars a year. During the war,

of course, they paid their way and did a splendid job; but in these days, when we have transportation by truck, bus and other methods, we can see that the railways may not do as well in the future as they have done in the past. So that we may find ourselves carrying a heavier burden than we carried previous to the war. The hon. member for Broadview mentioned roads that have been taken over in other provinces. I know of lines that have been taken over by the Canadian National that were simply streaks of rust. I believe the committee should be told by the minister whether this is a paying proposition and what the prospects are for the future. I think we should know whether or not, to use a slang expression, the Canadian National are being sold a lemon.

I do not think I have anything further to say. During the war the railway line between Moncton and Halifax was so burdened with traffic that it was almost impossible to operate it efficiently. For a good many years they have been asking for a double track from Moncton to Halifax and from Moncton to Sydney but we could never find money for this purpose, though I think it is generally recognized as being very necessary. So I suggest to the minister that before we go on and buy up a lot of old, abandoned railways and branch lines throughout the country we spend some money in places where it is badly needed.

Mr. CHEVRIER: I am afraid I did not make myself clear, or else hon. members who have spoken are under a misapprehension. It is said that we should not take over this road, and that we should not take over old, abandoned railways. That is not what we are doing. We have this railway now whether we like it or not. We have it by virtue of a lease for 999 years, and the Canadian National has been paying rent at the rate of $300,000 a year. The hon. member for Broadview says that this is bad business, that it is not a paying proposition. I say to him that it is a paying proposition if we can reduce the annual rental which must be paid by the Canadian National from $300,000 to $210,000. We shall save $90,000 a year. There can be no doubt that this is an excellent piece of business from the point of view of both the railway and the public.

Mr. BROOKS: Is the railway paying?

Mr. CHEVRIER: It does not matter whether it is paying or not; this bill has absolutely nothing to do with that. I say that because it is a necessary part of the national system whether it pays or does not pay. We are bound for 999 years. We can continue paying rent at the rate of $300,000 a year, but if we can save $90,000 a year, why not do so? That is the only object of this bill. This is not the purchase of an old, abandoned railway. This is a going concern which is operating into the city of Winnipeg from Brandon, from Portage la Prairie, from the Souris valley, from the international boundary at Emerson and from Hope Farm.

Mr. BROOKS: What does the minister mean when he says it is a going concern? A moment ago he told us it was not paying.

Mr. CHEVRIER: The Manitoba railway is in operation. It was operated first by the Canadian Northern, from 1901 until the Canadian Northern became part of the Canadian National. It is now part of the Canadian National Railways whether the committee likes it or not, so that I can see no merit in the argument raised by the two hon. gentlemen.

Mr. MacINNIS: Perhaps the minister has given this information already, but could he tell the committee briefly how this lease happened to be made? Who were the contracting parties? Who was so provident on behalf of the dominion as to enter into a 999 year lease?

Mr. CHEVRIER: I have already done that, but perhaps briefly I could repeat what I said, for the benefit of the hon. member. I stated at the outset of my remarks that the four railway companies, whose names I then gave, had leased what was then known as the Manitoba Railway company, its line and undertaking, to Her Majesty the Queen in the right of the province of Manitoba for 999 years at a rental of $225,000 for the first ten years, $250,000 for the next ten years, $275,000 for the following ten years, and $300,000 for the remainder of the period.

There was contained in that lease a clause under which the railway could be purchased for the sum of $7 million during any time the lease remained unexpired. The province of Manitoba assigned the lease to the Canadian Northern. The Canadian Northern became part of the Canadian National Railways. The Canadian National Railways have been paying rent for the railway and its undertaking over a number of years at the rate of $300,000 a year.

This enactment is sought, not because it is necessary to come to parliament, but because it is felt that a matter of this kind should receive from parliament its endorsation by way of an act of parliament. The saving which will be brought about through this amounts to $90,000 a year.

Mr. MacNICOL: How is that saving brought about?

Mr. CHEVRIER: The annual rental for the unexpired term of the 999 years is $300,000 a year. The Canadian National Railways will purchase this line for $7 million. They can borrow the $7 million at a rate of three per cent, which will mean an annual interest of $210,000.

Mr. MacNICOL: If the Canadian National Railways own it now, why have they been paying that money?

Mr. CHEVRIER: They own the unexpired term of the lease, by way of assignment.

Mr. MacNICOL: To whom do they pay $300,000 a year?

Mr. CHEVRIER: They pay $300,000 a year to the Manitoba Railway company, which is a subsidiary of the Northern Pacific.

Mr. FLEMING: Under the lease for 999 years I take it the taxes were payable by the lessee?

Mr. CHEVRIER: I should think so, yes.

Mr. FLEMING: That is usually so in these cases.

Mr. CHEVRIER: I am informed it is in this one.

Mr. FLEMING: I take it that the Canadian National Railways are responsible for making good on the covenant of the lessee to pay $300,000 per annum.

Mr. CHEVRIER: Yes.

Mr. McKAY: May we have a report as to what maintenance has been established, and if any replacements have been made? How many terminals are involved? As nearly as I can figure, the cost of the railway runs about $23,000 per operating mile; but if terminals are involved, that is a different matter.

Mr. CHEVRIER: The railway is in good condition. Up until December 31, 1945, the Canadian National Railways had expended $966,001, or almost a million dollars by way of capital expenditure.

Answering the second part of the hon. member's question, I would point out that there are several branches. It consists of 353·17 miles, and is made up of what is known as the Red River Valley railway, which extends from Winnipeg to the international boundary line at Emerson. It consists, further, of the Hope Farm branch, which extends from mile 47·01 to what is known as Hope Farm. It consists, further, of the Morris-Brandon branch, extending from the town of Morris to the town of Brandon; it consists of the Souris River branch, which extends from Hartney to Belmont.

Mr. MacNICOL: All these are connected with the Canadian National Railways?

Mr. CHEVRIER: Yes; it consists, further, of the Lake branch, from Portage la Prairie to Delta; and further, of the Winnipeg Transfer railway, which is in the city of Winnipeg, and which is a small line connecting the Canadian National Railways with the Canadian Pacific Railway in that city, for a distance of 1·21 miles.

Mr. McKAY: I was more interested in the terminals involved than in the various branches. Are there any roundhouses or shops involved?

Mr. CHEVRIER: I do not know the answer to that question.

Mr. COLDWELL: Are there any other agreements of this description made with the railways?

Mr. CHEVRIER: Does the hon. member mean the Canadian National Railways?

Mr. COLDWELL: One can scarcely understand how an agreement of this kind, for almost a thousand years, could be made, one which commits this country for 999 years, in the sum of nearly three hundred millions of dollars. The bill before us, which saves $90,000 a year, will save in the remaining length of time between eighty-five and eighty-six millions of dollars. Surely leases of this description are almost an insult to the intelligence of parliament.

I agree that the Canadian National Railways were loaded up with a lot of lines; and I have always felt that if we want to be fair to the national system we should examine its capital structure and see to it that we remove from it a load which it is unfair for the railway to carry, especially in view of deals of this description made in the past. In days gone by, always to the disadvantage of the Canadian National Railways, when making comparisons with the Canadian Pacific Railway company, reference has been made to the tremendous capitalization of the national system. The result was that it was impossible to make a fair comparison between the two systems.

I wonder if there are any more of these improvident agreements. A lease of this description almost staggers the imagination. Just imagine committing a country to pay nearly three hundred millions of dollars over

a period of 999 years! I congratulate the company and the minister for coming to us and suggesting that the country should save between eighty-five and eighty-six millions in the remaining period of time, and stretching to a time when most of us will not be here to endure the heat of a June afternoon in the House of Commons.

Mr. MacNICOL: Why did the railway company not bring in a bill like this years ago? It is quite clear that if everything is according to Hoyle, as it appears to be, it is a good bill for the country.

Mr. CHEVRIER: It is.

Mr. MacNICOL: Only two years ago the house voted a billion dollars to the Canadian National Railways by way of wiping off debt that the railways owed the country. This bill looks like something from which the country will derive some good.

Mr. CHEVRIER: There is no question about it. The answer is that they could not borrow money at three per cent. That is why the bill was not brought in sooner.

The hon. member for Rosetown-Biggar raised a pertinent point when he said that this almost insults the intelligence of parliament.

Mr. COLDWELL: I did not mean the bill; I was referring to a deal of this description.

Mr. CHEVRIER: Let me point out that parliament gave its approval in 1901 to this very lease, by virtue of chapter 53 of the revised statutes of Canada.

Mr. COLDWELL: I was not here then.

Mr. MacNICOL: Were the members all sober? It was still a Liberal government.

Mr. CHEVRIER: Parliaments change from time to time.

Mr. MacNICOL: Has the minister in his practice ever heard of a lease that was to run for 999 years, or has he heard any other legal lights speak of such a lease?

Mr. STIRLING: There are plenty of them.

Mr. CHEVRIER: I am afraid I shall have to answer yes to that. I have heard of a number of such leases.

Section agreed to.

Sections 2, 3 and 4 agreed to.

Schedule agreed to.

Bill reported, read the third time and passed.

[Mr. Coldwell.]

SOLDIER SETTLEMENT ACT

AMENDMENT RESPECTING RATES OF INTEREST

Hon. IAN A. MACKENZIE (Minister of Veterans Affairs) moved that the house go into committee to consider the following resolution:

That it is expedient to present a bill to amend the Soldier Settlement Act to provide that a soldier settler within the provisions of the act who served in world war II who has not abandoned his land and whose agreement has not been terminated, rescinded or assigned, and a soldier settler who did not serve in world war II who has not abandoned his land and whose agreement has not been terminated, rescinded or assigned, shall be charged in the case of the soldier settler of world war II a rate of interest of three and one-half per centum per annum in respect of his agreement made under the act after the standard date in the year 1942 or the date of his enlistment whichever is the earlier and in the case of a soldier settler who did not serve in world war II a rate of interest of three and one-half per centum per annum after the standard date in the year 1944.

Mr. ROBERT FAIR (Battle River): Mr. Speaker, for a number of years past we have heard a lot about the sanctity of contracts, but in my opinion the contract being amended by the bill to be founded on this resolution is one of the most flagrant impositions that has been inflicted upon any group of people in Canada for quite a long number of years. I am not going to take the trouble to read the resolution, because in my opinion it should never have been placed on the order paper. It would have been much better if the Minister of Veterans Affairs (Mr. Mackenzie) and the government had seen fit to place on the order paper a resolution to precede a bill that would give the veterans of world war I who held contracts with the soldier settlement board on March 31, 1944, clear titles to their land. I have said what I have said, and I am going to say what I intend to say before this passes because of a solemn pledge that was made by the Prime Minister of Canada in 1917 to the members of the Canadian expeditionary force. I have placed this on the record before but I am going to do so again. One should always have a foundation for any case he wants to put forward, and for that reason I am placing this on the record once again. Sir Robert Borden had this to say:

You are men actually facing the enemy day and night. You are suffering greatly from fatigue, over-strain, and lack of rest. The marvel of it is that men could undergo such a strain without breaking; but you have never yet broken, and history will appreciate that in days to come.

You men are about to enter one of the most serious engagements that ever faced the Canadian corps. I cannot, at this moment, give any information as to where this attack will be

staged, whether it be successful or not, it is to be borne in mind that it will not be an easy success . . . We feel confident that you will succeed where others failed; for you have never yet failed in anything you have set your hand to, as a Canadian corps.

He then went on to make certain promises in the name of this country, promises which the government of that day and this government as its successors should not hesitate to make good. However, as I see things at the present time, that is not being done. Sir Robert Borden continued:

You can go into this action feeling assured of this, and as the head of the government, I give you this assurance; that you need have no fear that the government and the country will fail to show just appreciation of your service to the country and empire in what you are about to do and what you have already done.

The government and the country will consider it their first duty to see that a proper appreciation of your effort and of your courage is brought to the notice of the people at home, and it will always be our endeavour to so guide the attitude of public opinion, that the country will support the government to prove to the returned man its just and due appreciation of the inestimable value of the services rendered to the country and empire; and that no man, whether he goes back or whether he remains in Flanders, will have just cause to reproach the government for having broken with the men who won and the men who died.

We all know that after the first great war the government of the day decided to do something for veterans who wanted to settle on the land, but from our experience and the figures I have produced here we find that they were trying to do the men who settled on the land for something. On a number of occasions we have discussed this matter in the house and I am going to place some figures on the record. I hope hon. members will not concur in the report of the special committee which was set up to deal with veterans affairs, in which report they refused to recommend clear titles. I hope they will give expression to their own honest opinions, that is, that this resolution which I shall read in a short time will be assented to and that these old settlers will be given clear title to their land.

After quite a selection had been made, the total number of settlers placed by the soldier settlement board turned out to be 25,017. The total amount advanced by way of credit to those 25,017 settlers was $109,034,331. The rate of interest charged was five per cent on current accounts and seven per cent on arrears. Perhaps I should stop here to comment on charging veterans of great war I or any other veterans an interest rate of five per cent. If we want to use it we have the sole right to issue credit on our own account, so why should we go to some private institution and pay them a rate of interest which compels us to charge the veterans who settled under the old soldier settlement board, or those veterans who are settling under the Veterans Land Act, these high rates of interest? Five per cent is a steal from these veterans of great war I, and seven per cent on arrears is a still greater steal. This country should not tolerate steals of that kind.

The total amount of principal repaid at the end of March, 1944, was $50,507,493.20. I am dealing only with what was paid by soldier settlers; I am not taking into consideration the amounts paid by civilian purchasers to whom the land was sold at a much lower price than it was contracted for by the veteran settlers after they either had decided on their own accord to get off the land or were kicked off by the administration. The total interest paid was $25,381,060.13, making a total of $75,888,553.33.

I should like to refer to the conditions under which these men tried to get along. Mistakes were made in settling these men and live stock and equipment were purchased at very high prices. Because the government policy did not provide for costs of production, prices of agricultural products dropped to a very low level. The government has seen fit from time to time to cancel certain amounts of these contracts and the total cancellation of principal amounted to $24,867,637.64. Interest cancellations amounted to $19,234,239.77, making a total of cancellations of $44,101,877.41.

Then we come to the cost of administration. Somebody has been trying to put across the idea that the cost of administration runs to only $100,000 a year, but the figures brought down in the house showed that the cost of administration up to the end of March, 1944, was $27,340,763.64. That is the cost of administration of the soldier settlement part only of this board from the inception of the scheme. That works out to an average annual cost of $1,100,000 for administration.

Going a little farther, we find that at the end of March, 1944, the total amount outstanding so far as the soldier settlers were concerned was $7,715,954.01. The total amount of arrears at that time was $1,054,269.30—I am still speaking only of the soldier settlement part of the programme. At that time 6,153 soldier settlers remained on the land; that is approximately 25 per cent of the original number. The average original amount of credit advanced to the settlers was $4,358.40. The average balance of debt of the settlers on March 31, 1944, was $1,254. That is equal to 29 per cent of the original amount of credit advanced.

The number who acquired title during that 25-year period was 4,130, or approximately 16 per cent of the original settlers who made contracts with the government. I think there are in this house a number of business men; and I am going to ask any one of them, even the poorest business man in the house, whether that is a good business proposition and whether under those conditions they would force these settlers to continue to carry on, persecuting still further these soldier settlers of world war I.

Before going farther, may I state that the settlers who are now being settled under the Veterans Land Act, taking advantage of the full amount of the grant and engaging in full-time farming, receive $2,320 by way of grant. This amounts to 39 per cent of the total credit extended.

The settlers I have spoken of owe at the present time only 29 per cent of their original credit. Those of us who have been in the house for some little time realize that the settlers have been trying to do something for themselves for a long time. Back in 1936, in Lloydminster, which is within thirty miles of my home, the soldier settlers' union was formed; and in 1938, as a result of their work, a brief was presented by the union to the Senate and House of Commons of Canada, of which I hold a copy in my hand. On the outside cover I find this:

To the Honourable the Senate and the House of Commons of Canada

Honourable Sirs,

In presenting this brief, our endeavour has been to draw attention to our unavailing efforts to bring about a conference between government officials and representatives of returned men on the land, which will have as its result the permanent solution of the soldier settlement problem without imposing on the taxpayer of this country further large expenditures, as occasioned in the past by abortive relief measures.

We submit that the evidence contained herein will be found, by any impartial investigation, to be conclusive in support of their claims, and we respectfully request that they be given every consideration by the government, which will lead to a conference at which all soldier organizations interested in soldier settlement be fully represented to bring about a permanent solution to the soldier settlement problem, based on the recommendations of the soldier settlers' union convention, 1936, and the resolution passed at the dominion convention of the Canadian Legion, 1936.

Most respectfully yours,

R. J. Stewart, President,
H. G. Mitchell, Vice-President,
H. S. Packman, General Secretary,
Soldier Settlers' Union.

At six o'clock the house took recess.

[Mr. Fair.]

After Recess

The house resumed at eight o'clock.

Mr. FAIR: When the house took recess at six o'clock I had just stated that for a number of years the old soldier settlers have been making attempts in vain to have something worth while done to relieve them of the load of debt which was placed upon them by the different governments since the end of the first great war. I also placed on record the introduction to a brief which was presented to the Senate and the House of Commons by the soldier settlers' union away back in January, 1938. Nothing of course was done at that time, and the settlers were disappointed then as they have been disappointed ever since. In 1939 the second great war broke out. At that time a number of old settlers were still badly in arrears, and the soldier settlement board, realizing that sooner or later it would probably be called upon to perform another duty, in the way of settling another group of veterans after the war which began in 1939 was concluded, decided that they had better start in and clean up the mess, get rid of some of the land and also get rid of some of the settlers on the land who were not able to make their payments.

Some people do not believe that this government and previous governments have taken any action to dispossess old veterans of the first great war; but the record shows that, from 1930 to 1942 inclusive, 1,006 settlers signed quit-claim deeds, and during the same period nearly 1,000 were served with thirty-day notices to get off or pay up. In most cases the settlers had to get off, because they did not have the wherewithal to pay up. We have been told that in the case of those who signed quit-claim deeds the action was as a rule taken voluntarily, but I believe that anyone who takes the trouble to investigate many of these cases will find that plenty of pressure was applied to make these men sign quit-claim deeds. That was common knowledge at the time. After the last war broke out, many of these old settlers sent their sons and daughters overseas to do the fighting so that Canada could continue to live in peace and prosperity, while they themselves were producing food, working as many as sixteen hours a day in food production; yet between April 1, 1942, and March 31, 1943, the board had 253 settlers sign quit-claim deeds, and 108 settlers were served with thirty-day notices to get off or pay up. This is the treatment which was handed out to men who, after having done their best, in many cases were not able to make good, not because of con-

ditions over which they had any control but because of prices they had to pay at the beginning and because of an agricultural policy which was not in the interests of the producers. As a result these same veterans were thrown out in the gutter who went over between 1914 and 1918 and helped to keep Canada on the map under the union jack.

Then again we find that after the second world war broke out, numbers of these settlers who were in sufficiently good health to serve in that war found themselves under such a load of debt that they were not able to make a living for their wives and families, and decided to enlist a second time and offer their lives if needs be as a sacrifice. The government, finding that these men had left and that in some cases the land was not being farmed properly, and finding that in some cases it was so poor that it could not produce enough to pay the taxes and accrued interest, passed, on the advice of the former minister of mines and resources under whose direction the soldier settlement board was then administered, an order in council so that the interests of the board would be protected. The order in council was passed on March 19, 1941, and is known as P.C. 138-1936. It had the effect of taking away the very bread and butter from the wives and families of the veterans of the first great war, veterans who were not able to keep up their payments and who had gone overseas to fight again. Lest there should be any misunderstanding I am going to read the effective part of the order in council. It is as follows:

> Accordingly the board recommend that notwithstanding any provision to the contrary contained in any of the regulations providing for payment of dependents' or marriage allowance in respect of dependents of members of the Canadian armed forces, that in all cases where the dependents of an enlisted person continue to occupy the farm for which such person is indebted to the director of soldier settlement and in respect of which the contract terms are not otherwise satisfactorily provided for, there may be deducted from the dependents' or marriage allowance amounts sufficient to provide for payment of taxes levied by the local taxing authority in respect of the property in question and interest accruing annually on indebtedness to the director of soldier settlement, such deductions to be made monthly and in no case to exceed $20 per month except with the consent of the dependents concerned.

Some hon. MEMBERS: Shame.

Mr. JOHNSTON: It is a shame. He ought to be ashamed of himself.

Mr. FAIR: That is the stand taken by this government, the government which claims credit for the good things it is doing for the veterans of this war. What has it done for the veterans of the first great war? Remember that the men for whom I am speaking are also veterans of this war; that is, those who were lucky enough to come back. The government, in order to satisfy the treasury board, perhaps, and our monetary greed, takes away from the wives and families of those men who were over there fighting, the wherewithal which was provided by the government in order that these wives and families might live at least in decency while their men were away. Very fine treatment, indeed!

Again, a little later on we find that another order in council was passed whereby those settlers who were still in debt could make application to a board which was set up to have the terms of their agreement extended for another twenty years and also to have their indebtedness reduced. What is the effect of that? In the first instance the contract was for twenty-five years, and with the additional twenty years it means forty-five years that the settler must serve and pay the soldier settlement board a price far in excess of the value of the land and equipment he received. He has the opportunity to do that for the sake of what? That is praise for having gone over and fought in the first and second great wars. It is a shame that any government should impose a penalty of that kind on its soldiers.

Knowing these conditions, the soldier settlers could not carry on because our wheat prices until August, 1942, were down to seventy cents a bushel, f.o.b. Fort William, which is below fifty cents on the farm in western Canada. This is a price which did not exist previously except for a short time in the depths of the depression. The soldier settlers could not carry on. In April, 1943, they met at Saskatoon to try to do something for themselves. In November, 1943, they held another meeting at Saskatooon and at that time they decided to circulate a petition to have clear titles granted. No expenses were incurred in the circulation of that petition so far as the government was concerned. Veteran settlers and civilians alike took copies of the petition, drove around the country over snow-blocked roads, obtained signatures to the petition and at the same time collected dimes and nickels from people in order that a delegation might come to Ottawa to present the petition.

On May 23, 1944, a delegation of nine representatives from that organization presented a brief to six members of the cabinet here in Ottawa, presided over by the then minister of mines and resources, who is now in another place enjoying all the cream which can be provided for him. These members were cordially received, and after having

been given a fine reception and told that their request would receive sympathetic consideration the men went home feeling that at last they were going to have some justice meted out to them. I may say that was before the election took place. We expected an election that fall, and honeyed words were handed out at the time. The house was in session until August of that year, and no report was made to the house by the responsible minister. But some of us had hardly got home when an announcement came over the radio and was issued in the press that the government would not grant this request. At the time the delegation came to Ottawa we found that the director of the soldier settlement board had inserted in *The Legionary*—I think with the permission and perhaps on the instructions of the then minister of mines and resources—a report dealing with these clear titles, setting out in detail one side of the case, which, I might say, has been torn to ribbons in this house since that time. The concluding paragraph of his remarks reads as follows: The gentleman to whom I am refering is none other than Mr. Murchison, the director of the soldier settlement board. He said:

> In conclusion I am authorized to say that the proposal is not deemed to be in the public interest and, consequently, it is not being entertained by the government. Therefore, the best advice I can offer to the soldier settlers concerned is to get into step with those who manifestly prefer securing title to their farms by complying with the terms of their agreements.

Mr. JOHNSTON: Who is he?

Mr. FAIR: He is the director.

Mr. JOHNSTON: I thought he was a Hitler.

Mr. FAIR: The man with whom the new veterans will have to deal unless something necessary is done.

Then, feeling that the Prime Minister (Mr. Mackenzie King) did not know of the treatment which was being handed out to these old veterans, I made a special trip to Ottawa and visited the Prime Minister early in October, 1944. The Prime Minister listened carefully to what I had to say. I left a copy of the case with him, and he told me then that within a week or so the new Department of Veterans Affairs would be set up headed by the present Minister of Veterans Affairs and that he would turn the matter over to him. Having had conversation with the present Minister of Veterans Affairs (Mr. Mackenzie), I felt that at last we were going to get a square deal for the old veterans. The department was set up and no clear titles were forthcoming. Therefore, in March, 1945, the president and secretary of the soldier settlers' association accompanied me to Ottawa. We visited the Minister of Veterans Affairs and had quite a long talk with him. We presented our case and he listened attentively. Then he gave us objections which were prepared for him, I believe, by the director because the words of the director were in the statement of the minister. They were to the effect that payments and pre-payments were being made; that if titles were granted to old soldiers the new veterans would not pay, and so forth. Payments and pre-payments were being made for a great many reasons. The sons and daughters of these old settlers had gone overseas. Some of them had gone to work in war factories. Some of them were receiving dependents' allowances on account of their sons and daughters who had enlisted. As a result of pressure, and plenty of it, which was being put on by the board, these old soldiers turned in every penny they could get hold of. As a result payments were coming in freely, and that is the way things were going. We were told that if titles were granted to the old soldiers the new soldiers would not pay. I wish to advise the government now that if they impose on the new veterans conditions such as were imposed on the old veterans we shall have a revolution in this country before long. Make no mistake about that. They may blame the communists for it, too, but they are the ones who will be to blame if these conditions occur once more.

Then we went to see the Minister of Finance (Mr. Ilsley) in connection with the same request, and he also told us that payments were coming in freely, and that he believed in the sanctity of contracts. All these old veterans believe in the sanctity of contracts and they proved it by going overseas to fight for the country which is giving them their living. They came back and they were sold land, live stock and equipment at prices far in excess of their value. In my home district one half-section was sold by a father to his son for $8,000 at a time when prevailing prices of land in the territory were $1,000 to $1,200 for a quarter section. Needless to say, that land is not yet paid for.

When the government made the contract with these old settlers it was made on the basis of prices which existed at that time. We might say that during the years after the war wheat went up to $2.50 to $3 a bushel. Later, we find that the settlers were compelled to pay their debts when wheat went down as low as 38½ cents at Wininpeg. That meant a breaking of the contract by the government. When they sold land, equipment and live stock to these men they should have seen to it that

prices were upheld. Proper floor prices should have been established until these things were paid for. That was not done, and yet the Minister of Finance believes that contracts should be maintained and honoured. We believe that too.

Some of our bureaucrats say that this is just the request of a few disgruntled veterans around Saskatoon. I want to contradict that statement flatly. The petition which was circulated contained some 12,500 signatures and was representative of the three prairie provinces. The request for clear title was also supported by the Alberta legislature, the Saskatchewan legislature, the Alberta farmers' union, the Saskatchewan association of rural municipalities, the Saskatchewan wheat pool, the United Farmers of Canada, Saskatchewan section, United Farmers of Alberta, the Alberta branch of the Canadian Legion, the executive of the British Columbia branch, and last, but not least, the dominion command of the Canadian Legion. In order that there may be no question as to the authenticity of these, I should like to read just one or two. At a meeting of the Alberta provincial council, held in Edmonton from June 6 to June 9, 1943, the soldier settlers' committee presented a report, and the resolution adopted was as follows:

Whereas the majority of original soldier settlers, who are still endeavouring to carry on under the soldier settlement scheme have now found it, owing to advanced years and the adverse conditions prevailing in agriculture, particularly the lack of parity prices, increasingly difficult to liquidate their indebtedness to the settlement board.

And whereas the settlers have struggled on through the years of drought conditions and low prices unprecedented in the agricultural history of this country and have now nothing to show for their years of toil and struggle but whatever equity they may have in the land which is liable to foreclosure.

Therefore be it resolved that we now petition the government to relieve the soldier settlers of any further payments and that they be given the title deed to their land or, failing this, that a parliamentary committee in conjunction with representation from the dominion command of the Canadian Legion, review the whole situation of the soldier settlers with a view to alleviating their present financial difficulties.

That resolution was sent here, but of course nothing was done about it. Then not very long ago, on October 26 of last year, the head of the Canadian Legion, Mr. Alex. Walker, presented a brief to the committee on veterans affairs, and under the heading "Soldier Settlement Act" he had this to say:

The bill under consideration lowering the interest rate for soldier settlers under the Soldier Settlement Act of 1919 meets one of the recommendations of the soldier settlement report of the dominion convention of the Canadian Legion held in Vancouver in June, 1944, in that it proposes to lower the interest from 5 per cent to 3½ per cent.

A further proposal recommended by this committee relates to the granting of clear titles to aged settlers or to those who had reduced their indebtedness to 25 per cent of the original purchase price. A great deal of discussion has been carried on during the past few years respecting soldier settlers of the last war and strong representations, from time to time, have been made from various sources to solve the problem of these veterans by granting them clear title to their farms. A debate occurred in the House of Commons recently on this subject and many members spoke in favour of the proposal. Representations by soldier settlers through the legion have followed similar lines and the following resolution is submitted for the consideration of this committee:

Therefore be it resolved that, in order to be fair to our ageing veterans and to bring the old and the new settlement acts more into line, the dominion government be asked to readjust the debts of the 6,153 original soldier settlers who have not paid for their lands, such readjustment to take into consideration the difference in interest rates charged under the said acts; and that following such readjustment the government be further asked to cancel the debts of those original soldier settlers whose debt has been, or may hereafter be, reduced to 25 per cent of the original purchase price or the reduced purchase price.

Right here I would say that if consideration were given to the difference between the interest rates charged the new veterans and the old veterans, all these old settlers would have been out of debt many years ago. After that brief was completed, the hon. member for Acadia had this to say, at page 315 of the proceedings of that committee:

On page 11 of the brief there is a reference to the old soldier settlers, and the recommendation there is that clear title be given provided a soldier reduces his indebtedness to 25 per cent of the original purchase price of the reduced purchase price. I do not think that will go far enough to satisfy the organization that calls itself the old soldier settlers' organization, because they are asking for a clear title for all soldier settlers of the last war. I think we must all agree that the soldiers who are in the most difficult position of all are those soldier settlers who have had no chance of reducing their indebtedness to that 25 per cent, the ones who have been up against bad luck. Some of you may call it bad management, perhaps, but we know that the situation these men went through in the depression years put them in a position where they could not get the money to buy the farm. I should like very much to see that 25 per cent taken out of your recommendation, making it wide open so that title can be given to the old soldier settlers, whether in the fortunate position of being able to reduce their indebtedness to 25 per cent or not. I wonder if Mr. Walker would comment on that?

The Witness: I am sure it will not hurt our feelings if you do give them clear title.

Then on October 1 of last year I moved a resolution in this house, which I shall not take time to read now since I see my time is flitting away. More than twenty members

took part in that debate, and with the exception of two or three all were in favour of the resolution, some saying that it did not go far enough. After the resolution was talked out one evening, it was sent to the veterans affairs committee. That committee then received a brief from the representatives of the settlers' organization; that was on May 6 of this year. Then at a meeting on June 18, 1946, the following members were present:

Messrs. Abbott, Adamson, Ashby, Baker, Belzile, Benidickson, Bridges, Claxton, Cleaver, Cockeram, Croll, Cruickshank, Dion (Lake St. John-Roberval), Drope, Emmerson, Fulton, Gauthier (Portneuf), Gibson (Hamilton West), Gillis, Harris (Grey-Bruce), Herridge, Jutras, Langlois, Lapointe, Lennard, Marshall, Mackenzie, Macdonald (Halifax), MacNaught, McKay, Moore, Mutch, Quelch, Tremblay, Tucker, Viau, Whitman, Winkler, Winters, Wright.

Mr. SPEAKER: Order. I am sorry to interrupt the hon. gentleman, but he has spoken for forty minutes.

Mr. FAIR: Mr. Speaker, I am presenting the case for the old soldier settlers, and I should like to be able to finish it.

Mr. SPEAKER: Unless the hon. gentleman has the unanimous consent of the house—

Some hon. MEMBERS: Go ahead.

Some hon. MEMBERS: No.

Mr. FAIR: Thank you.

Mr. SPEAKER: I understand that the hon. member has not the unanimous consent of the house.

Some hon. MEMBERS: Certainly he has.

Mr. SPEAKER: Is it the pleasure of the house that the hon. gentleman shall have an opportunity to finish his remarks?

Some hon. MEMBERS: Yes.

Some hon. MEMBERS: No.

Mr. SPEAKER: The hon. gentleman has not unanimous consent.

Some hon. MEMBERS: A recorded vote!

Mr. SPEAKER: Has the hon. gentleman the unanimous consent of the house?

Some hon. MEMBERS: Yea.

Some hon. MEMBERS: Nay.

Mr. SPEAKER: Those in favour will please say yea.

Some hon. MEMBERS: Yea.

Mr. SPEAKER: Those against will please say nay.

Some hon. MEMBERS: Nay.

Mr. SPEAKER: The yeas have it.

[Mr. Fair.]

Mr. FAIR: When the brief was presented to the committee in May some hon. members wanted to deal with it at once, but there was not time that day. It could not be dealt with the next day because other business had been set down by the steering committee and as a result it was held over until June 18. When the matter was finally taken up by the committee the hon. member for Weyburn (Mr. McKay) moved:

(a) That all soldier settlers who took up land under the Soldier Settlement Act of 1919 be granted clear title to such land as of March 31, 1944.

(b) That clear title—

Mr. SPEAKER: I understood that the hon. gentleman was going to conclude his remarks. If not, I shall be obliged to ask him to resume his seat.

Mr. FAIR: This is the wrong place in my remarks to bring the argument to a head, but I shall do so anyway. I can give the rest when we come to second reading, or in committee.

Mr. SPEAKER: There is a rule which is well known to the hon. member. If he has not the unanimous consent of the house he is obliged to resume his seat. I wanted to be generous to the hon. member, to give him an opportunity to conclude his remarks; but if he does not conclude his remarks I must ask him to resume his seat and conclude at another time.

Mr. FAIR: Under the circumstances, Mr. Speaker, and finding that we have some hon. members who want to pound into the gutter some of our old veterans, I shall conclude my argument in forty minutes when the bill is up for second reading.

Mr. TUCKER: I was not one who objected to the hon. member's continuing beyond forty minutes, but because some object to his exceeding forty minutes I say he has no right to say that they wish to pound the returned soldier into the gutter, and I ask him to withdraw that statement.

Mr. JOHNSTON: We got that from the Minister of Labour (Mr. Mitchell). He used it the other night.

Mr. MACKENZIE: Order. You are the worst offender in the house.

Mr. TUCKER: The remark is a reflection on certain members in the house; it might just as well be upon hon. members on the other side as well as upon this side. It is a reflection upon various members in the house, an unfair and improper reflection, and I ask the hon. member to withdraw it, without any qualification whatsoever.

Mr. QUELCH: On the point of order, I do not think there is anything unparliamentary in suggesting that certain people are advocating that the veteran be pounded into the gutter. The hon. member does not suggest that other hon. members, themselves, get down into the gutter. If he had, there might be some grounds for complaint.

Mr. MACKENZIE: It seems to me that the hon. member was speaking from his natural environment.

Mr. SPEAKER: I must ask the hon. member for Battle River (Mr. Fair) at least to be kind enough to modify his expression.

Mr. FAIR: I shall be very glad on second reading to explain it.

Mr. MACKENZIE: No, no.

Mr. FAIR: I did not cast any reflection upon any hon. members in the house, not one.

Mr. TUCKER: Whom were you referring to, then?

Mr. MACKENZIE: The hon. member definitely said that members of the government were pounding the veterans into the gutter.

Mr. FAIR: He did not.

Mr. MACKENZIE: Yes.

Mr. FAIR: The Minister of Veterans Affairs cannot put words into my mouth. I did not say "members of the government".

Mr. MACKENZIE: You said "government".

Mr. ROWE: No, he did not.

Mr. FAIR: I did not.

Mr. SPEAKER: I am sure the hon. member who has just resumed his seat will do everything possible to help the Speaker to keep things in order.

Mr. FAIR: I cannot hear you, Mr. Speaker.

Mr. SPEAKER: I am sure the hon. member will help Mr. Speaker to keep dignity and decorum. Certain hon. members are under the impression that, since they are veterans, the remarks by the hon. member referred to them. I am sure the hon. member could modify his expression. I would not insist upon a withdrawal of it, but I would ask him to be kind enough to modify it.

Mr. FAIR: I did not refer to those hon. members who are complaining, or to any other hon. members in the house.

Mr. A. J. BROOKS (Royal): Mr. Speaker, it was not my intention to speak on this resolution, but rather to speak on second reading of the bill. However, in view of the debate which has developed, I feel I must say a few words.

The resolution has been on the order paper since April 12, and we were beginning to think it was going to be almost a fixture. The committee on veterans affairs has been sitting for forty days or more, during which time it has had many matters before it. Very little from that committee has been brought to the house, for which possibly there is a good reason.

However, I am pleased indeed that at last a subject has been placed before the house, and that we shall have something definite to show for our work. This matter, in itself, is not contentious. The hon. member for Battle River (Mr. Fair) has criticized it, not on the ground of what it does, but rather on the ground of what it does not contain. As I have said, there was unanimous consent in the veterans affairs committee in respect of the matter contained in the resolution itself.

As hon. members will see, the proposed bill ratifies two orders in council which were passed some months ago. As a matter of fact one was passed in November, 1942, and the other in March, 1945. The intention of the bill is simply to ratify these two orders in council.

P.C. 10472 provided for two things. It authorized the director of the soldier settlement board, with the approval of the treasury board, to make capital reduction in the debt of certain soldier settlers. This, as we know, has been done. I believe there has been a reduction in the debt of old settlers to an extent of something like a million to a million and a quarter dollars. There is general approval among the soldiers and, I am sure, among civilians as well, from one end of Canada to the other, of that procedure.

The other provision in order in council P.C. 10472 was a reduction in the interest rate from five per cent to 3½ per cent. This, too, has general approval.

Veterans are now taking up land under the Veterans Land Act. They are borrowing money and having land allotted to them on the provision of paying 3½ per cent. Strong representations were made to the government in 1942 that the interest rate charged the old settler should be the same as that charged the new settler under the Veterans Land Act. This also is provided for in the bill, and was given unanimous approval by the veterans affairs committee.

Order in council P.C. 8346 not only provides that the old soldier shall have a reduction in his interest rate from five per cent to 3½ per

cent, but also provides that all settlers under the Soldier Settlement Act shall be treated in the same way. So that there is a general reduction in the interest rate from five per cent to 3½ per cent. I might say that this, too, has received the unanimous approval of the veterans affairs committee. It also fixes the date upon which this reduction of interest is to take effect, namely either the date upon which the soldier settler enlisted, or 1942, whichever is the earlier date.

I do not think it is necessary to make further comment because, as I say, there was unanimous consent in the committee. However, since the hon. member for Battle River has introduced the question of giving clear title to old soldiers I feel that as one of the members of the committee I should say a few words on the subject. First, I wish to commend the hon. member not only for his action upon this occasion but also for his actions in the past six or seven years, during which time he has fought what he and a good many others of us consider to be the battle of the old soldier. He is to be congratulated upon the interest he has taken.

The hon. member has mentioned that this matter was discussed by the veterans affairs committee for a considerable length of time. I do not think it is incumbent upon me to review the different arguments used by hon. members. The ground has been thoroughly covered by the hon. member for Battle River this evening, as it was covered in his former speeches.

I have felt that we might very well give special consideration to the old soldiers who took up their land in 1919 and 1920 and who for the last twenty-five or twenty-six years have been struggling to pay off their debt. It has seemed to me that, now that they have reached ages ranging from fifty-five to eighty years, we might give them some consideration.

We are told by Mr. Murchison, director of the Veterans Land Act, that there was now due from these old soldier settlers something less than $5 million. In 1919 there were some 25,000 soldiers of the last war, men who had come back from overseas who were anxious to take up farms in this country, but to-day there are only 4,276 of those still remaining on their farms. They have paid many millions of dollars off their indebtedness to the soldier settlement board. As was pointed out this afternoon, they worked under terrible handicaps. First, they went through the great war. Next, they took over farms when prices were greatly inflated and they had to buy cattle at the rate of $100 to $150 a head. Prices of farm machinery were much more than they were in normal times. Besides that, these old soldiers passed through the worst depression this country has ever known. From 1929 to 1938 Canada, along with the rest of the world, passed through a depression unknown to any other generation. Then along came the second great war. Many of these men enlisted for service and those who did not had sons and daughters enlisting in the service. Taking all these things into consideration, I submit that these men have a strong claim upon the generosity of the people of this Dominion of Canada.

When we compare it with the billions and hundreds of millions of dollars that are passed through this house, five million dollars is a small sum to pay for the sacrifices that these men have made during the past twenty-five years. This would not be a total loss. As the hon. member pointed out, we are paying for the supervision and direction of the soldier settlement board a sum amounting to well over $100,000 a year. The hon. member for Battle River said that it has cost $27,000,000 to administer the Soldier Settlement Act. I doubt if it is costing anywhere near that sum to-day, but there is no doubt that it is costing well over $100,000. If we washed out these debts and gave clear title to these men we would not be losing any great amount of money because we would save in the cost of administering this act.

As I pointed out a few moments ago, many of these men served in the last war and many of their sons and daughters have served. Some of these men are now sixty, seventy or even eighty years of age. They have lived on their farms for twenty-five years. What man living on a farm for twenty-five years has not the hope that before he passes on to the Great Beyond he will be able to leave a clear title to his land to his widow and children? It would be impossible for these men to do that at the present time. They are too old to make a success of farming. Without going into the arguments which have been so well advanced, I submit that we could afford to be generous to these men to that extent.

As far as the committee was concerned, we were not unanimous in turning this down. I think the vote was seventeen to twenty-one, and I was one of those who supported the motion of the hon. member for Melfort (Mr. Wright). If it had not been that the government brought in what I would term their tactical reserve for the vote it would have been carried in the committee and there would have been a direct recommendation from the committee that these old soldiers be given clear title. I am not going to labour the point any further because I do not think it requires any additional argument.

There are some other matters I should like to mention while I am on my feet. One of these is brought to my mind by an article which appeared some time ago in the *Globe and Mail*. As I said at the beginning, there have been very few opportunities in this house during the past five or six weeks to bring up veterans affairs. This particular matter has reference to a soldier who joined up in September, 1939. He spent five years in the army and, while overseas, took four courses in agriculture. He hoped that when he came back to Canada he would be able to get a farm in this country and follow the vocation for which he had prepared himself and which he liked. When he came back to Canada he did obtain a farm. After seven months he found that it was impossible to get the loan under the Veterans Land Act for which he had hoped.

I do not want to criticize the director of the Veterans Land Act because I do not think there is an official in any department of government who is worked harder. Not only is he overworked, he is an harassed man. As my hon. friend has said, the conditions imposed upon these men made it almost an impossibility for them to make a success of their farming. They could not sell a cow or a pig; they could not buy a piece of machinery; they could not turn around without having to consult a representative of the soldier settlement board. Let us be careful this time. This letter from a young soldier which appeared in the *Globe and Mail* indicates that there is a tendency along that line. We should watch ourselves. I warn the minister and the department to be careful to see that technicalities do not interfere with the proper administration of the act.

For instance, a man who has been overseas may want to take up farming. He is told that his wife must be interviewed, but his wife may still be in England. She may have to remain there for five or six months and during that time the man will be unable to get a farm. His wife must be interviewed, I suppose given the once-over as we say, by the officials administering the act. These things react against the success of this scheme. Again I say to the minister that he should be careful to see that such things are not carried to an extreme. I brought up this matter of the letter which was reported in the *Globe and Mail* because there was an editorial in that paper, not only condemning the government but condemning the opposition because matters of this kind are not brought before the house and because there is no general airing of these matters before parliament.

Along the same line I have received a letter from a legion representative in Nova Scotia protesting the appointment of legal representatives to search titles and do other general legal work under the Veterans Land Act who have not seen any service at all. That is absolutely contrary to what we understand is the policy of the government.

Mr. MACKENZIE: Where is that?

Mr. BROOKS: Windsor, Nova Scotia.

Mr. MACKENZIE: What position?

Mr. BROOKS: It is a legal appointment by the Department of Justice. I will read the letter if the minister wishes. It is addressed to the hon. Minister of Justice, Ottawa, Canada and reads:

Dear Sir:

By order of the executive of Hants county branch, Canadian Legion, I am directed to enter a strong protest against the appointment of Mr. William R. Lawrence, LL.B., of Windsor, as administrator of the Veterans Land Act for Hants county. My instructions are that there are in Windsor two barristers with war service. One Mr. A. G. Macdonald had overseas service in the recent world war and the other Mr. C. Wray Townshend is a veteran of the great war.

We feel that the announced policy of the government to give preference to veterans and particularly in all matters relating to the Department of Veterans Affairs should be strictly adhered to and we demand that an appointment be made in accordance with the merits of the case.

Yours faithfully,

(Signed) Robert C. Mills,
Secretary.

Hants county branch, No. 9,
Canadian Legion of the British Empire Service League.

Mr. MACKENZIE: Would my hon. friend send a copy of that letter to me?

Mr. BROOKS: I shall be very glad to, but I think the Minister of Justice (Mr. St. Laurent) could furnish his colleague with a copy because he received one.

I know that our ministers are very busy and that it is very difficult for them to find time to attend to all these matters. I also know something of the situation in Windsor, Nova Scotia. So far as Mr. Lawrence is concerned I have nothing to say against him. He is an estimable young man. But the point is that soldiers in soldier matters wish to deal with soldiers, and they feel that there is a breach of faith by the government unless they are allowed to deal with soldiers in soldier matters. They lose confidence in what the government tells them. They lose confidence in the government's assertion that soldiers will receive a preference in civil service appointments. This is not an isolated case. I could quote others. The other day I asked

how many employees of Wartime Housing Limited in a town in Nova Scotia were war veterans, and the answer I received was that there are eight full-time employees, five men and three women employed by Wartime Housing Limited in Pictou, Nova Scotia, and that one male employee was a veteran of world war I—only one returned soldier. There is not a town anywhere in the maritimes that sent more soldiers overseas in proportion to population than the little town of Pictou, Nova Scotia, and no town where there would be more soldiers to draw from in appointing men to these positions. It is not my intention to labour this point further. I had not intended speaking at all until my hon. friend brought up the question of giving clear title to the old soldier settlers. If that would cost this country any great amount I would be opposed to it at this time, when we should conserve all our resources. But it would not cost this country any great amount. On the contrary, we would be saved the expense of administering the act for possibly a great many more years.

My hon. friend has quoted the Canadian Legion. One of the arguments used in the committee was that the Canadian Legion was not in favour of granting clear title. I could quote what my hon. friend quoted, if it were necessary, but at page 1010 of the proceedings of the veterans affairs committee I did quote it and I shall not take time now to quote again the views of the Canadian Legion. I believe that this request is a pure matter of justice and that we could very well include it in the bill.

Mr. P. E. WRIGHT (Melfort): Mr. Speaker, when the resolution was introduced it was suggested that it was non-controversial. I am afraid that that has not proved to be the case. But if the government want a resolution such as this to be non-controversial they have it within their power to make it such—

Mr. MACKENZIE: Is my hon. friend opposed to this?

Mr. WRIGHT: I am saying that it certainly does not solve the problem.

Mr. MACKENZIE: Is my hon. friend going to vote for or against it?

Mr. WRIGHT: I say that it does not solve the problem and that it is controversial.

Mr. MACKENZIE: Is my hon. friend against reducing the interest rate from five to 3½ per cent?

Mr. WRIGHT: I am in favour of that reduction.

[Mr. Brooks.]

Mr. MACKENZIE: We shall see when the test comes. We shall have the buttons off the foils pretty soon.

Mr. WRIGHT: A delegation of old soldier settlers came to Ottawa in 1944 and interviewed some members of the cabinet. These soldier settlers were assured that their problems would be given sympathetic consideration. Of course, that was before an election. In the committee the other day the minister made this statement:

> As long as I am in charge of the administration, I will not stand for the destruction of that principle.

The principle he was speaking of was the principle of granting to these old soldier settlers clear title to their homes, as they should be granted.

The only principle involved here is the principle of justice. These men, if that principle had been observed, would have been granted clear title long ago. They were settled on land, as has been explained by the hon. member for Battle River (Mr. Fair), under conditions where there was no possible chance of them succeeding. I know those conditions. I have lived amongst these men. I know the struggle they put up over the years to meet their obligations. In 1940, when I first came to this house I spoke to certain members of the soldier settlement board, and they told me that many of these old soldier settlers who had not paid their debts and are still on the land are the hard core of those who, the implication was, would under no circumstances meet their obligations. Yet in 1944 over 95 per cent of these men whom the officials of the soldier settlement board said were the hard core of those who had no intention of meeting their obligations were meeting them because economic conditions in the country had changed and made it possible for them to do so. These men had to struggle for years against circumstances over which they had no control. What would any hon. member do if he had to make a choice between educating his family and meeting his payments? I know one of these soldier settlers on a quarter-section of land. He had three boys and two girls, very bright children indeed. He had to make a choice between meeting his obligations to the board and giving his children a chance to go to high school. He gave his children that chance. He sent them to high school and he was unable to meet his obligations to the board. What happened? A few years later, when this country needed men, two of these boys responded to the call to the colours and joined the flying corps and one of them did not come back from overseas. Did that father not serve his country better by giving

his children their chance for an education than if he had met his obligations to the board?

There is now a small group of these soldier settlers left who, because of adverse circumstances, for family reasons perhaps, sickness, drought, poor land or other circumstances over which they had no control, have not been able to meet their obligations. Surely to-day the people of Canada can afford to give them clear title to their land.

There was no unanimity in the committee about bringing in this measure.

Mr. MACKENZIE: I am glad to hear that.

Mr. WRIGHT: The hon member for Weyburn (Mr. McKay) moved this resolution in committee:

(a) That all soldier settlers who took up land under the Soldier Settlement Act, 1918, be granted clear title to such lands as of March 31, 1944;
(b) That clear title be also granted to the widows, children or dependents of such soldier settlers;
(c) That in the case of veteran settlers who have been dispossessed of their land during the period between September 3, 1939, and March 31, 1944, either such lands be restored and clear title granted to the settler or adequate compensation made to him.

That was an expression of opinion of a group in that committee, and that resolution was lost in the committee on a vote. After it was lost, I brought in a further resolution which stated:

That the write-down of the indebtedness of soldier settlers, as recommended by the committee, provide that the settler be granted an equity of 33⅓ per cent of the 1940-41 value of his land, irrespective of any payments made to him.

I am going to say this, that if the members of that committee had voted according to their consciences and not according to party lines, in all probability that motion would have passed.

Some hon. MEMBERS: Order.

Mr. MACKENZIE: Mr. Speaker, I wish to raise a question of order. Every hon. gentleman who is a member of that committee is an hon. member of this House of Commons too, and the hon. member for Melfort (Mr. Wright) has said that if these gentlemen had voted according to their consciences something different would have happened. That is a complete reflection upon the privileges of hon. members of this parliament, and should be withdrawn.

Mr. WRIGHT: Mr. Speaker, if the Minister of Veterans Affairs—

Mr. MACKENZIE: If he is only speaking for himself it may be true.

Mr. WRIGHT: If the minister considers it a reflection I am prepared to withdraw it. Nevertheless, I say that it would have been only doing for these old soldier settlers exactly what we are doing for our veterans to-day under the new Veterans Land Act. It was stated in 1942, when that act was brought in, and it is also stated by mortgage companies throughout this country, that to make a success on the land the loan must not exceed 50 per cent of the value of the land, and that was the basis on which the new Veterans Land Act was originally drawn up. Later, because of the increase in the price of land in Canada, we had to, or did, abandon that 50 per cent, and under the act as it stands to-day the new soldier settler is getting a 33⅓ per cent equity in his land. Surely any member of that committee should have been prepared at least to give these old settlers an equal start with the young chaps who are settling under the Veterans Land Act to-day. That would seem, if they followed their consciences, to be the logical conclusion. If these young chaps are going to find it difficult, as many of them will, to meet their obligations with a 33⅓ per cent equity, what of the case of the old veteran, whose average age to-day is fifty-six years and who finds himself saddled with a contract to last over the next twenty or twenty-five years? I am saying that it is not justice. What would it mean to this government of Canada to give clear title? Something over $5,400,000—an extremely small amount to-day in our national budget. We were spending that in a couple of hours during the war. This grant of clear title would give to these old veterans some security in their old age. That equity is necessary if these men are to carry on.

The veterans committee in 1942 were sympathetic to the idea of granting the old soldier settler an equity in his land equal to the equity being given to the new soldier settler. If you go back to the proceedings of that committee, you will find that view expressed in no uncertain terms both by members of the government and by members of the opposition. I am sure that there is nothing new about this. It is simply doing what has been recommended by not only a committee of the house but by the legion themselves. The Minister of Veterans Affairs (Mr. Mackenzie) was quick to pick up a resolution passed by the Saskatchewan legion last year which opposed the granting of these clear titles. I know that hon. members are not so naive as not to know that there are certain things which take place in connection with resolutions brought before the legion. As a matter of fact this—

Mr. MACKENZIE: Saskatchewan is a pretty good province, is it not?

Mr. WRIGHT: It certainly is a good province, and we have a very good legion there. But, just as in a lot of other places we find some people working behind the scenes.

Mr. ABBOTT: Surely not in Saskatchewan.

Mr. MACKENZIE: Not the government of Saskatchewan.

Mr. WRIGHT: No; I can assure the minister of that. However, there was a feeling there that the old soldier settlers' organization should have worked through the legion, and the fact that they came direct to the government here instead of working through the legion branches—and I agree that they should have worked through the legion branches; I think one returned men's organization in the country is enough—prejudiced their case with the legion. I tell the minister this, that I am quite sure that if we were to take a vote of the rank and file of the legion in Saskatchewan he would find that they are in favour of granting a clear title to the old soldier settlers.

Mr. MACKENZIE: They said the very opposite.

Mr. WRIGHT: I am sure of what I say, because of the circumstances under which that resolution was placed before the legion. Moreover the dominion command of the legion did express in no uncertain terms that these men should receive more consideration than is being given to them in the present bill.

There is no need of carrying on this argument at any great length. Apparently the government are not prepared to give these old settlers a fair deal. That is their responsibility, but that does not make it right. As far as we of this group as concerned, as far I think as most members of the opposition are concerned, and as far as hon. members on the government side of the house are concerned, they would like to see something better than is being proposed in this resolution.

I can only urge that the minister, when he drafts his bill, does not follow the lines of the resolution but does give a fair deal to our old soldier settlers.

Mr. J. A. ROSS (Souris): In rising to support the remarks of the three previous speakers this evening, may I add, like the hon. member for Royal (Mr. Brooks), that this resolution itself is probably not contentious but it does not go far enough. May I commend the hon. member for Battle River (Mr. Fair) for the consistent stand and fight he has put up on behalf of these old settlers, I think every year since I have been a member of this house.

As a member of the veterans affairs committee, I was impressed with the brief and the arguments put forth by the executive representing the old settlers to the committee in the railway committee room during this session. I thought they advanced some sound and strong arguments as to a further adjustment, if not the granting of clear titles at this time.

I do not want to repeat many of the figures and arguments which have been advanced this evening, but I want to endorse what the hon. member for Royal has so well said, that after these many years these old settlers, whose sons and daughters went overseas and did a grand job for us in this war, are certainly entitled to more consideration than they have received at this time, and I am satisfied that many of them find themselves in financial difficulty to-day through no great fault of their own.

We have done a lot in the way of lending money to other people. The great loan, of which I was heartily in favour, to Great Britain runs for five years without any interest and for fifty years at two per cent interest. Had these settlers received the same rate of interest, I do not believe any of them would have been in debt to-day.

Mr. MACKENZIE: Who was in power then?

Mr. ROSS (Souris): I do not care who was in power then. I have criticized in the house and in committee on more than one occasion what was done for these soldier settlers and the people responsible for it. I say we have to do much better for the settlers of to-day than we did for the old settlers. I am fair about it; but I am not at all satisfied with what is being done to-day.

Yesterday we listened to the Minister of Labour (Mr. Mitchell) taking advantage of the orders of the day to deliver political propaganda in this house in talking about inflation. Will anybody tell me that we have not inflation to-day? I have argued consistently in the veterans affairs committee that the director has too great a burden and too much responsibility to-day in trying to settle full-time farmers and also to carry out the small holdings project.

Mr. MACKENZIE: Given to him by a parliamentary committee.

Mr. ROSS (Souris): I realize that, but I say I am not satisfied. I have raised objection repeatedly in the committee, and the more I

am able to find out in the country, the more I am convinced that the method is wrong. Some hon. members have spoken of a vote which took place on June 18, a vote of seventeen to twenty-one. I am sorry I was unavoidably absent from the house that day and did not attend the committee.

Mr. SINCLAIR (Vancouver North): Out on political propaganda.

Mr. ROSS (Souris): I was endeavouring to assist to save democracy in this country. I say to the hon. member for Vancouver North—

Mr. MACKENZIE: We try that occasionally ourselves.

Mr. ROSS (Souris): While I was out there, I had an opportunity personally to visit one of these centralized small holding projects of ninety units under the Veterans Land Act.

Mr. SINCLAIR (Vancouver North): It must have been close to Winnipeg.

Mr. ROSS (Souris): It was five or six miles out from the city limits of Winnipeg.

Mr. SINCLAIR (Vancouver North): The hon. member would not go any farther than that.

Mr. ROSS (Souris): What that land cost per acre was startling to me. There were ninety units of a half acre each, and the point which alarmed me was that right now, despite inflation, the great majority of these ninety settlers and their families are dissatisfied. The workmanship and the materials do not satisfy these people at all. They showed me through their homes.

Mr. SINCLAIR (Vancouver North): Can they buy houses cheaper anywhere else?

Some hon. MEMBERS: Yes.

Mr. SINCLAIR (Vancouver North): Where?

Mr. JOHNSTON: Right in Calgary.

Mr. ROSS (Souris): According to one of the administrative officers of the department to-day these houses have cost from $5,900 to $7,000 apiece, and they are still working on them. The cost is not yet complete.

Mr. SINCLAIR (Vancouver North): What do they cost the veterans a month, $23?

Mr. DEPUTY SPEAKER: Order.

Mr. ROSS (Souris): My hon. friend knows all about this. He says $23. The director gave us a different figure the other day in the committee. The figures which I have from the administrative officers show that while they cannot yet make arrangements for the purchase of these houses, they are paying $25 a month for the four-room unit, and $30 a month for the five-room unit, and that in all likelihood the rent would be immediately increased from $5 to $10 a month.

Mr. MACKENZIE: No, $22 to $23.

Mr. ROSS (Souris): I am talking about the rent for these units to date, and these settlers—

Mr. SINCLAIR (Vancouver North): Wartime housing.

Mr. ROSS (Souris): The hon. member for Vancouver North will have an opportunity—

Mr. SINCLAIR (Vancouver North): We are now discussing the Veterans Land Act, not wartime housing.

Some hon. MEMBERS: Sit down.

Mr. DEPUTY SPEAKER: Order. May I remind the house that we are discussing a resolution with respect to the Soldier Settlement Act. The remarks of the speaker should be directly relevant to that act.

Mr. MACKENZIE: May I have the permission of the speaker to ask a question?

Mr. ROSS (Souris): Certainly.

Mr. MACKENZIE: Did he say that the figure was $30 a month under the Veterans Land Act?

Mr. ROSS (Souris): Yes, the small holdings scheme. This was one of these units which have not been adjusted under this order in in council for the million dollar write-off.

Mr. SINCLAIR (Vancouver North): Why is the—

Mr. ROSS (Souris): My hon. friend over there who has been so ambitious to become a parliamentary assistant should hold his peace. I was only making a comparison here, and I say that the letter points out—

Mr. MACKENZIE: The figures are wrong.

Mr. ROSS (Souris): That may be so.

Mr. DEPUTY SPEAKER: Order. I think the house will agree with me that an hon. member should not be interrupted or asked questions without his permission.

Mr. ROSS (Souris): I do not mind it at all. I was simply making a comparison.

Mr. TUCKER: May I rise to a point of order? I did not raise it with the hon. member for Royal (Mr. Brooks) and I hate to raise it now.

Some hon. MEMBERS: Sit down.

Mr. TUCKER: I believe there will be a bill brought before the house on the Veterans Land Act. I suggest that the session is running on long enough without having two debates on the Veterans Land Act. I suggest that a debate on the Veterans Land Act at this point, when we are dealing only with the Soldier Settlement Act, is out of order. As I say, I hate to raise the point, but we wish to have the debate concluded, and to do so we had better try to keep to the point at issue before the house.

Mr. ROSS (Souris): I quite agree. I was simply trying to make a comparison to prove that we have more inflation to-day than we had when the old settlers were settled. I am thoroughly convinced that the units in Charleswood, which I have spoken of are not worth 50 per cent of the cost put into them on a cost-plus basis. I have inspected them and gone through them with the settlers.

I shall return to my original argument. As has been so well said, stock and equipment cost these old settlers a great deal in 1919 and 1920, following the last war. In other sessions I have given concrete examples in my own community. One of these settlers failed during the drought periods and signed a quit-claim deed to the board. He had agreed to pay approximately $5,000 for his half-section, which is around $15 an acre. He did not have a chance to re-buy that farm when it was re-sold. It was sold to a citizen, a speculator, who was not even a British subject at that time—but that does not matter—for less than $500, less than 10 per cent of what the original settler had agreed to pay for the farm; but the board would not give the settler a chance to buy the farm. In fact, if rumours are correct the same speculator is endeavouring to sell that farm back to the board to-day. I point that out as one of the examples of what the settlers had to contend with through no fault of their own. I thought that was unfair at that time. That is what we have been doing, and we are now in an inflationary period despite what the indices show—

Mr. SINCLAIR (Vancouver North): The hon. member and his party want to remove the price ceilings.

Mr. ROSS (Souris): I think we can still make these adjustments for these old settlers. May I ask the hon. member for Vancouver North, who has been so keen to take part in this discussion, if he is opposed to giving further adjustments to these old settlers?

[Mr. Tucker.]

Mr. SINCLAIR (Vancouver North): It is not a case of further adjustments. May I ask the hon. member a question? If you cancel these loans to the old settlers how are you going to collect the present loan to the settlers under the Veterans Land Act?

Mr. ROSS (Souris): I was making that very argument, that already under the small holdings units an order in council has been passed to write off $1,000,000 without the settler having a contract to purchase these homes. This write-off is being made before they are in there.

Mr. SINCLAIR (Vancouver North): That is an adjustment, not a cancellation. There is a great difference between an adjustment and a cancellation.

Mr. MACKENZIE: That has nothing to do with this bill. Why hold up this bill which reduces interest?

Mr SINCLAIR (Vancouver North): You are better on the black market than you are on this.

Mr. ROSS (Souris): I have never been closer to the black market than the hon. member for Vancouver North. In fact, I do not profess to know as much about it as he does. The point is this. My hon. friend—

Mr. DEPUTY SPEAKER: I must remind the house that it is necessary to have some limit to the interruptions.

Mr. ROSS (Souris): The point is that to-day these settlers are given a grant of $2,300 and some odd if they fulfil their contract, which was not the case with the old settlers. My argument is that the old settlers are entitled to at least as much as the present veterans, because in something over 90 per cent of the cases their families did make a great contribution in the recent war. They are the type of citizens who should be encouraged in this country to-day; and without repeating other arguments that have been advanced, I may say that at the proper time I am going to support the hon. member for Battle River and continue this fight until these old settlers receive a better deal for themselves and their dependents.

Mr. E. B. McKAY (Weyburn): It is my opinion, Mr. Speaker, and has been for some considerable time that the veterans who were settled under the old act of 1919 and who are still indebted to the federal treasury should be granted clear title to these lands as of March 31, 1944. In the first place, as has been said already to-night, when the loans were made no gifts were made to these veterans, as

is being done to-day. Under the Veterans Land Act of 1942 a gift of $2,320 is made; and if that gift had been made to the veterans in 1919 I doubt if there would be any indebtedness whatever against their land to-day. After twenty-seven years of struggle with the elements and the federal treasury these people are still in debt. To-day, as has been indicated, the gift from the treasury amounts to 39 per cent of the loan. We will admit that some concessions have been made to these old veterans of world war I, in the matter of reduction of principal and reduction of arrears, but that will hardly compensate for a gift of 39 per cent of the original indebtedness.

In the second place, the interest rate on veterans' farm loans of 1919 was five per cent, with seven per cent charged on arrears. This was another factor which militated against the ability of these veterans to meet their obligations and reduce their indebtedness. The rate to-day of 3½ per cent under the Veterans Land Act is still too high, but it would have enabled the veterans of the first war, had it been applied to their contracts, to meet their instalments without so much difficulty. Had the gift been granted, together with the lower rate of interest, on the loans of 1919 it is probable that there would be no demand to-day for cancellation of debts, since those debts would have been liquidated long ago.

It has been suggested that it would be unfair to the soldier settlers who have obtained clear title to their land to wipe out the indebtedness against the 4,200 parcels on which the debt is still outstanding. We have three soldier settlers in the house, at least three to whom I have spoken, though there may be more. Those three, all of whom have paid off their indebtedness, are in favour of cancellation of debt for these other unfortunate veterans. I cannot accept the view that any of the veterans who have paid off their indebtedness would be opposed to a fair deal being offered to veterans still in debt. I have not yet run across any who hold that view; I have yet to find a single man with a clear title who takes that attitude. Why should they? These men were comrades in arms. Some have been a little more fortunate than others. Some obtained good land, while others were placed on poor soil. It was not any fault of theirs. Some had good fortune, with substantial crops over a period of years, while others had misfortune dog their path year after year, with poor crops owing to drought, hail, pests and so on; and frequently they had family illnesses which held them back. To say that by cancellation of the debt on these particular lands we would not be treating these settlers all alike is probably true, but we have never treated them all alike. Had they all obtained good land in 1919, the story to-day would be different. They are not treated all alike to-day, either. Some receive university grants which in all probability will run into thousands of dollars. That is an excellent thing, but other young veterans are only receiving the civil reestablishment grants amounting to a few hundred dollars. We are not treating them all alike to-day; and we did not treat them all alike in 1919. To argue that we must treat these veterans all alike sounds very fine, but the fact is that this has never been done.

The veterans who are requesting clear title to their lands have laboured for twenty-five years and more to obtain that title. We should not concern ourselves particularly with regard to those who have been fortunate enough to secure clear title. Our concern must be for the old veteran or his widow, who is still struggling to secure a clear title. It is a race against time. Their average age is around sixty, while a few are in the eighties. To illustrate how the old settlers feel about this matter may I quote from a letter I received from one of them out in Saskatchewan:

> I served in France and Belgium in the first world war. Came home to find that while I was in hospital . . .—a hospital in England—my half-section had been sold to a German. One-quarter was my homestead and I owed for part of the other. I had to start all over again with the soldier settlement board.
>
> I am in my seventieth year and after twenty-five years I find myself still owing the soldier settlement board almost a thousand dollars. I would like to have the satisfaction of having my land clear before I die, but if I continue to have hailed and dried out crops as in the past, I can expect to have a supervisor come and ask me to sign a quit-claim as others have had to do.
>
> My only two sons volunteered and gave their services in this war. I have worked hard for them all these years and feel that I have surely earned the deed of my land.

No doubt all hon. members have received similar letters. Most of these settlers were industrious enough, but misfortune came their way. By granting them clear title to-day we would be righting a wrong and rectifying a grave injustice which has been allowed to continue altogether too long. It has been objected that to grant these clear titles would involve $5,000,000 in cancelled debts. When one considers that the administrative cost of the Soldier Settlement Act has exceeded $27,000,000, the $5,000,000 does not appear so very great. Neither does it seem so great when one considers that we expended much more than $5,000,000 a day during the last war. But now we are at peace, Mr. Speaker; the story is different, and unfortunately our attitudes are different. If this country is

spending too much money in some respects or under certain departments, let us practise economy, but not at the expense of these old veterans. I feel we owe them a great deal; so let us give them justice now.

It has been said also that by granting clear titles administration of the Veterans Land Act would be made more difficult, and I have heard it said that young veterans of world war II would take advantage of the situation and stall in their payments, so that twenty-seven years from now they might get title from a humanitarian government of that day. I have too high a regard for these young veterans to think they would take advantage of a situation brought about by the misfortune of these elder veterans. More than that, it seems most ridiculous to me that anyone would wish to carry a burden of debt for twenty-seven years, just in the hope of getting clear title in the year 1973.

I am convinced that free title should be granted to every one of these old soldier settlers, or to their widows, who are still owing money to the federal treasury. It is the duty of all of us to give this subject our careful consideration. If that be done, I am certain we shall do justice to the old soldier settlers of a generation ago, who are fast disappearing from the scene.

Mr. J. O. PROBE: (Regina City): Mr. Speaker, I have not spoken often during this session—

An hon. MEMBER: A pity.

Mr. PROBE: Yes, it is a pity. However, I feel I would not be doing my duty as a veteran of the last war, as a citizen of Canada or a representative of my constituency if I did not bring to the attention of the house some of the material which I, too, have received from soldier settlers who took up land following the first great war. Last autumn there was sent to me a series of photographs of homes of soldier settlers who had taken advantage, as they thought at that time of the settlement scheme following the first world war. I do not intend to show these photographs to hon. members, but I should be very glad if some of them who have not yet realized that these men have had to battle against untold difficulties and disappointments, would come up to my office and take a look at them. I have had them posted on the walls of my room for some months, as a reminder to me that I have a job to do here on their behalf.

However, I intend to read to hon. members the captions which appear over these various photographs. The heading on the frame on which the photographs are posted is in these words:

[Mr. McKay.]

Soldiers' homes after twenty-five years of the worst kind of drudgery, coupled with an endless battle with hail, wind, drought and grasshoppers.

And with true soldier-settler wit we find repeated on the second line the statement by Sir Robert Borden following the last war:

Our soldiers shall never want after fighting so gallantly; the pledge of Sir Robert Borden for Canada; will it be honoured now?

Attached to these sheets are ten photographs showing ten soldiers' homes in one district. These are not in my constituency, and I am not now speaking from any political desire to obtain votes. This does not concern me particularly, because mine is an urban constituency. Opposite the first photograph is this caption:

No. 1 is the home of Frank Smith, who had to move out and make a living elsewhere.

What a hovel it appears! Then:

No. 2 is the home of Hugh De Blaquire, a man who was very badly wounded, and a 100 per cent pensioner. There is no water on his place, caused by the indifference of the board. The soldier settlement board even tried to compel him to make payments out of his pension.

No. 3 is where Herbert Darling was first located on a very poor quarter. The hole in the ground indicated by the arrow was where he lived for ten years. The bottom of an old bundle rack—

A hay rack, to any who are not farmers.

—formed the roof of his abode, while the sides were any old rough lumber. Eventually two of his good neighbours assisted him financially to purchase No. 8 where he now lives. Darling is a very good worker but has had very bad luck. He was severely kicked in the face by a horse.

No. 4 is the home of Ronald McDonnell, a front-line man. He and his wife and three children had to exist in this hovel.

I hope some of the members will look at it some time.

The soldier settlement board even tried to sell his place away from him while he was away trying to make a dollar on the side.

No. 5 is V. Castiglioni's home. This is the worst case of all. Eight children were raised in this hovel. There is only a quarter-section with 30 acres of waste land on the quarter. After being hailed out, dried out and blown out over a period of twelve years he was put off with a very sick wife and three children of school age. The soldier settlement board knew he had no place to go. This is the most dastardly piece of business on record.

No. 6 is the home of George Lobbans, a front-line man. This is a disgrace to Canada.

The picture here would indicate that that is no overstatement.

No. 7 is the abode of R. Hunter, another front-line man. After being hailed out five times in succession he was evicted because he refused to pay the board his last dollar.

Then, Nos. 8 and 3 were described in connection with No. 3.

No. 9 is the McNaughton home—

An hon. MEMBER: General McNaughton?

Mr. PROBE: No, not General McNaughton; he is provided for.

A family of five lived in this dump.

No. 10 is Mike Robins' home, a front-line man and very badly wounded. This is how Canada shows her appreciation for another veteran. Surely there are some gallant gentlemen in our house of parliament.

This has all been quoted from the group of photographs I have before me.

Mr. SPEAKER: I am sorry to interrupt the hon. member, but may I call his attention to the fact that it has always been the practice in the resolution stage to discuss only the principle, and to reserve to committee of the whole a discussion of detail.

Mr. PROBE: I am in hearty accord with every word you have said, Mr. Speaker. I am trying to discuss the principle which underlies the resolution introduced by the Minister of Veterans Affairs (Mr. Mackenzie) to collect another sum of money from these people who are now old and should have been pensioned off many years ago, and given title to their places.

Mr. MACKENZIE: Is the hon. member in favour of or opposed to the resolution?

Mr. PROBE: I am opposed to the resolution as it now stands. I thought an entirely different form of settlement should be made.

Mr. MACKENZIE: Is the hon. member prepared to vote against the resolution?

Mr. PROBE: It is possible that I may vote for it, if I am forced to.

Mr. MACKENZIE: No, no; there is no forcing here.

Mr. PROBE: At present I am not discussing whether I shall vote for or against it. I was hoping to open the heart of the minister so that he might bring in a resolution more in keeping with the necessities of the case. I realize that the minister is introducing a resolution which will give something better than that which now exists in the form of contracts.

Mr. MACKENZIE: And you are going to support it.

Mr. PROBE: If the minister will just watch when my vote is recorded he will understand what I am going to do.

Mr. MACKENZIE: I am sure I will.

Mr. PROBE: I should like simply to draw two facts to the attention of the minister. Some seven or eight years ago a calamity occurred which affected the lives of the people of an entire province. In fact, it extended beyond the boundaries of one province. At that time when Saskatchewan asked for national assistance—

Mr. SPEAKER: I am sorry to interrupt the hon. gentleman, but I think he will agree with me when I say that he should not go into details on the resolution. When the resolution has been adopted the house will go into committee and the hon. member will then have an opportunity to question any minister of the crown. When the resolution is accepted by the committee, it will be reported and a bill will be introduced. The hon. member will have an opportunity on the second reading to discuss the bill and then, when it is in committee, it will be discussed clause by clause. The hon. member knows that if an opportunity is given to discuss, on the resolution, all the details of a bill to be introduced there would be no use in introducing resolutions into the house.

Mr. PROBE: I am heartily in agreement with every word that you say and I congratulate you upon making your case so clear. What I was trying to do was to discuss the principle of this matter. As I say, when we have calamities at home in the form of drouth which affect a large section of our people there is a demand made nationally for a pound of flesh. But when there is a calamity far away —and I happen to know the extent of that calamity, we generously say that we as a Canadian people will do everything to alleviate that distress. Why was it that the people of Saskatchewan were turned down in one case, while the people of Great Britain were supported in the other case? The Canadian people were ready to support a loan to Great Britain, but the fact is that a little extra profit would be made to our exporters who were going to provide the goods. Therefore the representatives of those exporters were entirely in accord with the provisions of that loan.

I voted for that loan, but it was not in order that we might make money out of the misery of the British people or take it from the pocketbooks of the Canadian people. Along with other members, I supported it from a humanitarian point of view. Whenever there is a calamity such as the one which affected the people of Saskatchewan, or the one which affected the people of Great Britain, or the one which affects the soldier settlers at this time, we should search our hearts and not our ledgers in order to find out whether or not the need is worthy of support.

The Minister of Veterans Affairs (Mr. Mackenzie) asked me whether I would support his resolution. I appeal to him to wipe out this debt which has been paid in hardship, in toil and in suffering. If he refuses to do that, then of course I shall still have to support the resolution. I must do that if we are going

to be too hard or too calloused to do the thing that is right. But it is better than nothing and for that reason I will support it. However, I appeal to the minister to withdraw this resolution and replace it with another giving title to those soldier settlers who still have not paid the Canadian people the money that they nominally owe.

Hon. IAN A. MACKENZIE (Minister of Veterans Affairs): Mr. Speaker, I appreciate what my hon. friend has just said. The hon. member for Rosthern (Mr. Tucker) will give the details in connection with the 200 settlers whose claims have been advanced by a method which it is not desirous should be used in this house. If there is any further delay we will withdraw the whole measure and then the onus for its withdrawal will rest upon those who have—

Some hon. MEMBERS: Oh, oh.

Mr. PROBE: I am not concerned about political manoeuvring. I said that I would support this as a half measure, but I appeal to the minister to do something better.

Mr. W. A. TUCKER (Parliamentary Assistant to the Minister of Veterans Affairs): Mr. Speaker, I did not expect that this resolution would take the time it has in view of the fact that it was passed as a unanimous recommendation by the select committee on veterans affairs which is composed entirely of veterans of the last and previous wars.

Mr. BROOKS: It was not a unanimous recommendation. The committee felt that they should go farther and make additional recommendations, but since they did not do that there was no objection to what was done already. That is how far it was unanimous.

Mr. TUCKER: My statement is correct. In committee certain things are agreed upon and recommended. Obviously everyone in committee cannot get everything he wants. If everything that is discussed in committee is to be the subject of extended debate in this house, then the situation will become very difficult. I would point out that this is one of the smallest of the fourteen bills that will be coming before this house.

I understood that the whole point in referring these matters to a veterans affairs committee composed entirely of veterans was to have the details threshed out and get a recommendation from the committee upon which this house could act with a great deal of assurance. I submit that this house could leave these matters in the hands of a committee composed entirely of returned soldiers without expecting to debate fully every detail that is not agreed to in the committee. I suggest in all seriousness that if we are to follow the practice which has been indicated to-night of debating everything we do not happen to agree with we shall have to spend all the rest of this session until September on veterans legislation alone. I point that out to members of the house and I think most members of the committee will bear me out. If a matter which is recommended unanimously—

An hon. MEMBER: Not unanimously.

Mr. TUCKER: The reduction in the interest rate was recommended unanimously. There was a controversy in the committee over whether we should give clear title, but that is not the question before the house to-night. The question before the house to-night is whether we are in favour of ratifying a reduction in interest from five per cent to 3½ per cent. The question of clear titles has been raised by the hon. member for Battle River (Mr. Fair), and there were other questions raised in the committee as to what should be done. If every hon. member raises those questions which did not find approval in the committee and they are the subject of extended debate in this house, then I submit that we may just as well not have a committee at all. I think my argument will carry the conviction of the house.

Mr. PROBE: I do not want to be controversial, but how are those hon. members who were not on the committee to discuss these matters?

Mr. TUCKER: Naturally those things which are suggested by the committee as being worthy of passage by this house should be discussed, but if everything that happens to come in front of the committee is to be seized upon and fully debated in this house I doubt whether we can get through the essential legislation that the committee has agreed upon. That is a question of simple common sense.

I think hon. members of the committee will bear me out when I say it was expected that when this resolution was called to-day it would meet with such approval that it would go through in a few minutes, but the debate was precipitated by the speech of the hon. member for Battle River. The hon. member brought up a subject in which he is interested, and other hon. members have brought up other matters which did not find favour with the committee. Each hon. member feels that he has the right to bring up these matters and have them debated extensively. But I ask in all seriousness; are we going to get through this tremendous body of veterans legislation consisting of at least fourteen bills if every

piece of legislation is to receive the treatment received by this resolution? I repeat, we might just as well have no committee at all if we are to debate here everything that is brought up in the committee regardless of what the committee recommends. That is not meant as any criticism of those who have taken part in this debate. I appreciate that the question was raised by the hon. member for Battle River and that other members felt that they had to say something about it. But I suggest in all kindness to the hon. member for Battle River that there were on the committee from his own group two most able and conscientious members. I would say that there was no member of the committee who was more conscientious or more able or more anxious to do something for the returned soldier than those two members of his own group, and I submit that the hon. member for Battle River might have left it to his two able colleagues to press his viewpoint.

It is most significant that this matter was brought up and fully discussed in a meeting of the Canadian Legion, Saskatchewan command; and I ask those hon. members who suggest that the members of the committee who voted against this proposal were not conscientious, would they say that the leaders of the Saskatchewan command of the Canadian Legion who last fall also voted against this proposal were not conscientious in serving the returned soldiers, their own comrades? I suggest to you, Mr. Speaker, that if we are to get along in this house and win the approbation and approval of those we represent here, the less we bandy about suggestions that only "we" are interested in the fate of our comrades who served in the last great war and in the first great war and that the others were not conscientious but voted from some ulterior motive, the better it will be. Otherwise we shall not get very far in settling these great problems.

I have some knowledge of what happened at the convention of the Canadian Legion, Saskatchewan command. The matter was thoroughly discussed there, and I am told that when the question was put to a vote no one rose and voted for it after it had been fully explained to them. A vote was called for again, and still not a man rose. To suggest that any member of the convention who did not approve the proposal was not working in the best interests of their comrades from Saskatchewan will not get us very far.

It was suggested by the hon. member for Royal (Mr. Brooks) that the proposal would have been carried in the committee if the government had not brought in their tactical reserves.

Mr. BROOKS: I still contend that.

Mr. TUCKER: Many members of that committee are very busy and not able to attend all the meetings; nevertheless they have the right to attend and express their opinions and the right to vote. I submit that to suggest that they had not the right to vote and express their own honest opinions because they were not able to be in the committee all the time is nothing more or less than an attempt to establish that a minority of the committee is to control and decide what the policy of the committee should be.

Mr. BROOKS: I never suggested that they had no right to vote. I did suggest that they came there just when the vote was on. You can draw your own conclusion.

Mr. TUCKER: I submit in all friendliness that it should not be a matter of scathing comment that members of the cabinet, who are very busy, should attend the committee and exercise the right to vote which this house conferred upon them by membership in the committee. They had a right to be on the committee and vote as they felt best.

We have had a most marvellous relationship between all the members of the committee. It has been one of the finest experiences I have had to sit on that committee and enjoy the comradeship which I have had the privilege to enjoy during the two years I have sat on our veterans affairs committee.

As evidence of the fact that there is no attempt by the government to control the committee, the members know that we have a steering committee upon which the government, if every member is there, is in the minority. The members of the steering committee know that there has been no attempt at any time to force any decision upon them. Everything has been discussed and agreed upon unanimously. The opinions that come out of the committee I can assure the house are the honest opinions of the veterans of that committee, or of a majority of them, after thorough discussion. Any suggestion that everything that comes out of the veterans committee is to be rehashed and threshed over at length in this house would be to stultify the committee and should be opposed by every member of it.

An hon. MEMBER: Louder.

Mr. MACKENZIE: This is good for you. Take your medicine.

Mr. TUCKER: That committee has a tremendous amount of work still in front of it. It still has to report eleven bills. The greatest

good feeling should prevail in that committee. If there is the thought that every word dropped in that committee and every suggestion made must be the subject of extended debate in this house it must be clear to anybody that the hope of putting through this volume of legislation might as well be abandoned to-night.

I have mentioned the fact that the Canadian Legion, Saskatchewan command, did not approve this resolution. I must confess that when people of the standing in the returned soldier movement of some of the members of the Canadian Legion, Saskatchewan command, after thoroughly considering this proposal came to the conclusion that their responsibility to their comrades required them to vote against it, it had a tremendous effect on my attitude toward the proposition.

We have heard it said that returned soldier organizations will vote for anything that they are asked to vote for so long as it means giving some advantage or money to the returned soldier. I should like to pay a tribute to some of the people in the Canadian Legion, Saskatchewan command, for whom I have the most profound admiration for the way in which they have served their comrades, in the first great war and in the recent war. In taking the stand they did on this question, a stand which could be attacked, they showed that they could approach the question in a statesmanlike manner in the best interests of their comrades. There has been the unworthy suggestion that there was manipulation behind the scenes.

Mr. WRIGHT: I did not state that. I stated that there was a certain feeling in the legion that the old soldier settler orgainzation should have acted through the legion rather than on their own, and their case was prejudiced in the convention because of that fact.

Mr. TUCKER: Any man who suggests that men of the type who lead the legion, Saskatchewan command, would let a little pique influence them in deciding what they thought was best for their comrades is to do them far less than justice. I am astonished at my hon. friend throwing out that suggestion, knowing the members of the legion in Saskatchewan as he does. I am sure he knows in his own heart that men of the type they are would not let a little pique influence them and would not permit themselves to be manipulated behind the scenes.

There is another matter which I find quite significant. It has been suggested that the legion as a whole is in favour of this programme. I may be wrong in what I am going to say, and I can be corrected if I am; but I have gone very carefully through the *Legionary* of June, 1946, and read the resolutions passed at the last national convention of the legion, on May 19 to 23, and after all, if there is one authentic way in which the legion speaks it must be through its national organization meeting in biennial convention. I have examined the resolutions from start to finish to see if the national convention followed the lead of the Saskatchewan command or if they followed the lead of my hon. friend the member for Battle River. I was interested to see that, as far as I could find, this matter into which some hon. members have gone with—I do not know what I should call it; not ecstasy, but the very opposite—

Mr. MACKENZIE: Hysteria.

Mr. TUCKER:—was apparently of so little importance, in the view of the legion, or was actually regarded as detrimental—it must have been one or the other—that it found no place in the resolutions of the Canadian Legion at its national convention.

Mr. BROOKS: May I ask the hon. member this question: is it not true that, when the Canadian legion presented their brief to our committee, they made a recommendation that the soldier settlers get clear title?

Mr. TUCKER: I would point out to my hon. friend that the head of the Canadian Legion before their convention made a presentation on pensions. I find a resolution of the convention on pensions. I will read part of it:

> We hereby endorse the presentation made by comrade Hale on behalf of the dominion command of the legion to the special parliamentary committee on April 9, 1946.

In other words, as to the matter which had already been presented by Mr. Hale to our committee on pensions, they endorsed that, but I can find no endorsation of the submission in regard to these clear titles. I draw a conclusion from that. It cannot be that this great convention would overlook something which is alleged here tonight to be so important to the welfare of the returned soldier. I can only draw the conclusion that it was brought to their attention, and that they must have endorsed the position of the Saskatchewan command of the Canadian Legion.

Mr. BROOKS: I should like to correct the hon. member on that. I think if he refers to page 1259 of the proceedings of the committee in 1945, he will find that the Canadian Legion did make the recommendation which has been mentioned here to-night.

Mr. TUCKER: I am saying that I take it that the legion would speak through resolutions passed by their membership. This is the way, when they have just had a convention, to find out what they are really in favour of; and when they do not pass a resolution in a matter I think that fact should have some significance.

Mr. BROOKS: Well, would not the hon. member—

Mr. SPEAKER: Order. I must remind the hon. member that we are not in committee, and no hon. member should interrupt without his permission the one who has the floor.

Mr. TUCKER: A statement was read by one hon. member that this particular person would not object if we went ahead and did something he wished. But has that person a right to enlarge on the decisions of the Canadian Legion in convention assembled? What is the purpose of that convention if the resolutions are not to be taken as worth something in showing the wishes of the convention?

That is all I wish to say about that, that if it were regarded as in the best interests of the returned soldiers of Canada that this matter should be dealt with in the manner suggested by the hon. member for Battle River, it would, I feel certain, have found a prominent place in the resolutions of that convention.

Mr. PEARKES: Would the hon. gentleman permit a question? Has he received a copy of the resolutions which were passed, from the legion?

Mr. TUCKER: This publication containing the resolutions was handed to me.

Mr. PEARKES: I am not interested in a printed newspaper. That has nothing to do with the matter.

Mr. TUCKER: This is the official organ of the legion.

Mr. PEARKES: But surely the official record—

Mr. MACKENZIE: Order.

Mr. PEARKES: My question is, has the hon. gentleman received a copy of the resolutions which were passed at that meeting, from the legion?

Mr. TUCKER: I will answer that in this way. I have read from the June issue of the *Legionary*, which bears this on its first page:

Official national magazine of the Canadian Legion, published by the Canadian Legion Press, Ltd., a dominion-chartered company owned by the Canadian Legion and operated by a board of trustees appointed by the dominion executive council of the Canadian Legion.

This particular issue was handed to me, as I remember it, by the newly elected president of the Canadian Legion as containing the resolutions which they passed at the last convention. He handed this to me, and there is not much more I can do than to accept their newly elected president's indication that therein I would find the resolutions of the Legion in regard to the various matters we were considering. As I say, I have gone through this as carefully as I can, and I cannot find anything on this matter. It may be that some hon. member, speaking later, may find something on it. I find something in regard to the Veterans Land Act, but on this particular subject there is nothing that I can find.

In regard to the situation generally, I do not intend to take up more than a few minutes, but I think there are a few figures which the house would like to have laid before it with reference to this matter. At least, I should like to refer to some significant figures. If hon. members will look at page 337 of the proceedings of our committee they will find a statement which is certified as correct by A. G. Woolsey, the chief treasury officer; it is the balance sheet of the soldier settlers of Canada as of March 31, 1946. The total amount of interest charges was $42,572,000. There have been deducted by various legislative enactments from soldier settlement loans alone an amount of $49,190,000. In other words, there have been deducted by legislative enactments of this parliament more than the total interest charges which have accumulated on the soldier settlers' debts since the inception of the scheme. I find another interesting statement. The suggestion has been made that seven per cent interest was charged. Well, very shortly after the first war there was provision for a remission of interest charges. It was actually provided that there should be a remission of 40 per cent of the amount due for stock and equipment in the case of stock purchased prior to October 1, 1920, and 20 per cent on the cost where it was purchased between October 1, 1920, and October 1, 1921; I find the total amount of interest which was not charged in this statement to settlers was $10,269,000. I must confess that, listening to hon. members who have spoken to-night and the suggestions that parliaments ever since the first great war have not made any really serious attempt to deal with this problem, their contention in the light of these facts did not sound fair to me. After all, the parliaments since the first great war have had men in them who were interested in returned soldiers; there were parliaments which had representatives of all the present parties except the Social

Credit party, and I think these members gave some consideration to the problems of the returned soldiers.

I will not go into all the various ways in which write-offs have occurred, but the most recent was that which took place under the Farmers' Creditors Arrangement Act, through which nearly $7,000,000 was written off. Later, order in council P.C. 10472 was passed which provided that, based upon 1940-41 land values, the land obligation should be written down, or a reduction made in the soldier settlers' indebtedness based upon those values. We were assured by the director of the Veterans Land Act that he had gone beyond that to make sure that there would be a substantial equity in the land to the soldier settler. That assurance can be found in the minutes and proceedings of our committee. If any hon. member is interested in it, it can be found at page 1017 where it is pointed out there was a reduction over and above what was provided for strictly in the order in council, even providing an equity of as high as 50 per cent in exceptional circumstances. I am assured that that order in council was administered in a generous way. I have been assured of that even by members of the committee who are not of the Liberal party, and I have no reason to disbelieve their assurance.

Our committee has recommended, and it has been tabled in this house, that the time to apply under that order in council shall be extended to September 1 of this year in order that everybody shall get the benefit of the write-off. I should like to refer hon. members to one further set of figures, which are found at page 326 of the minutes and proceedings of evidence. Appendix A shows the loans repaid in cash. It shows that 5,662 loans have been repaid in cash up to date. But a surprising feature of that statement is the number of pre-payments which have taken place. On that point I should like to refer hon. members to a few figures which I am sure they will find interesting. I have already said that 5,662 have repaid their loans in full. On March 31, 1940, that number was 2,592, less than half of the number who have now repaid in full. Since 1940, 3,070 have repaid their loans in full. That is, prior to 1940, 2,592, and, since then, 3,070.

Mr. CASTLEDEN: Has the hon. member the figures of those who lost their farms prior to 1940?

Mr. TUCKER: I have them and I can give them to the hon. member in committee, but I do not wish to take up the time to go into great detail now. These various loans were graded and the grading will be found at page 340 of the minutes of the evidence. There is a table which shows the standing on March 31, 1946 and a table which shows the standing on December 31, 1941. There is one interesting comparison which I wish to draw to the attention of the house. Grade 4 indicates no equity. On December 31, 1941, the number who had no equity amounted to 2,723. By March 31, 1946, that number had shrunk to 203. In other words, of all those soldier settlers numbering 2,723 who had no equity less than six years ago, the number had shrunk to 203, a reduction of over 2,500.

Hon. members may be interested in the number who had an equity of under 20 per cent. On December 31, 1941, the number who had an equity of 20 per cent or less was 1,078. They were classified as grade 3. According to the last return that number had shrunk to 518. That group had been cut in half. The number who had an equity of over 40 per cent in 1946 was 2,953. We have been assured by the director that practically all of them, except in the two lowest categories, those under 20 per cent who now number 203 and 518, actually 721, will have no difficulty at all in meeting their payments. This is the situation in regard to the 203. It seems to me that the situation ought to be weighed carefully. Those people who were put on land where they could not honestly pay for it, numbering apparently 203, can now apply, if they have not already done so, under this new order in council and have their debt written down under the generous provisions and administration of the order in council. The alternative suggestion was that we give these gentlemen clear title. There is no reason to give clear title to others, to people who are prepaying their land and will have no difficulty in paying for it. It was suggested that it should apply only to those who cannot pay without a great deal of hardship. I submit that the order in council will take care of most of them, and that way of handling it is probably better than to create the impression that at some time, through sufficient pressure brought to bear, agreements made under the Veterans Land Act will likewise be cancelled. That will not have to wait twenty years if the precedent is set. It would be just a matter of getting sufficient political pressure brought to bear to have many feel they would not have to pay their contracts under the Veterans Land Act.

I do not doubt that, within the next year, people would begin to take up the case of the Veterans Land Act if this were to go through. If that precedent were set, Mr. Speaker, what effect do you think it would have upon the successful administration of the Veterans Land Act? We expect to settle in homes in this

country over 100,000 families in full-time farming and small holdings. It is recognized by all parties in the house that anyone settled under the Veterans Land Act at the present time and under the present circumstances has a better deal than the average returned soldier will get on his discharge. Eighty per cent of the returned soldiers will have to be content with a reestablishment credit which now averages about $421. Ten per cent will get the benefits of the Veterans Land Act which will probably average over $2,000. Four per cent will get the benefit of university education which will cost around $163,000,000, or about $4,000 apiece. Six per cent will get the benefit of vocational training which will cost around $1,100 apiece. That being the case, and this Veterans Land Act being something which every veteran in this country is anxious to have succeed in order to place 100,000 veterans in homes of their own under circumstances under which they can hope to pay for those homes in a reasonable time, I suggest that it would be a bad precedent to start giving titles now to people who have not been able to pay for their lands. I believe that is one thing which weighed with the veterans of Saskatchewan. I think that perhaps this thought weighed with the dominion command of the legion and I suggest that for any member of this house to wrap himself in a robe of greater friendship, greater devotion to the cause of the veterans than the people who serve the veterans in the great veterans' organizations of this country is attributing to himself too much virtue in that regard.

There is one other figure which I shall take the time of the house to give, and which I think would be of interest to hon. members, namely, the number of pre-payments. I have already said that in the four-year period 2,621 have paid in full a total of $5,476,489. During that time only 121 holdings have reverted due to death or abandonment of the $5,476,000, $2,183,000 has been prepaid; in other words, almost half the amount paid during that four-year period was prepaid.

As I have already said, I feel that the details of this measure can be given better in committee. I urge the house to pass this resolution which has for its purpose the reduction of the rate of interest from five per cent to 3½ per cent from the standard date. And I urge the house to leave something to the veterans affairs committee. If we hope to get through this great programme, as I think everyone agrees it should be put through for the veterans of this country, at this session if at all possible, I urge hon. members to cooperate with the veterans affairs committee in trying to put through the programme which they report to this house, with a reasonable amount of debate but without considering it necessary to discuss at length every single thing brought up in that committee.

Mr. VICTOR QUELCH (Acadia): Since my name has been mentioned several times during the debate, Mr. Speaker, I feel it necessary to say a few words. Let me say this to console the Minister of Veterans Affairs (Mr. Mackenzie), who does not like the debate held up. I suggest that owing to the fact that we are discussing these matters at this time, probably there will not be so much debate in the later stages. As far as the other fourteen bills are concerned, many of them will, I believe be non-controversial. I must admit I was surprised when I read the statement made last evening that this bill was not controversial, because to my mind this was bound to be a highly controversial measure.

As a member of the veterans affairs committee I appreciate very much the work that has been done by the chairman, as I think all hon. members appreciate it. But I say to him that when members of that committee work for two or three days on a certain measure and arrive at what they think is an agreement; and then, just before the vote is taken, the chairman marshals in his reserves in order to swing the vote another way, it is only natural that some of the other members should resent that action. I am not criticizing the chairman in these remarks, because that has been the practice in the past and no doubt will be the practice in future; but it is only natural that there should be some resentment felt since those hon. members who came in and swung the vote had not listened to the debate and had not the slightest idea what they were voting about.

The hon. member for Rosthern (Mr. Tucker) has referred to the fact that in committee this bill was carried unanimously, but he ignores one important thing. When we voted on this measure it was with the distinct understanding that further consideration would be given the old soldier settlers later on. Therefore we had hopes that additional measures would be brought in to take care of these settlers. But here we have a measure which represents the sum total of what the government intends to do for them. So it is only natural that our attitude toward the resolution to-day should be different from our attitude at the time it was discussed in committee, because at that time we thought further legislation would be brought down. The hon. member for Rosthern has had a great deal to say about the decision of the legion convention in Saskat-

chewan, but I am sure he will admit that at times the people of Saskatchewan do funny things.

Mr. TUCKER: I am forced to admit that; but not often.

Mr. QUELCH: Let me remind the hon. gentleman that the legion command in Alberta voted that clear titles be given these soldier settlers. The hon. member for Battle River (Mr. Fair) placed that resolution on record some time ago, and referred to it again to-night; but I cannot take any responsibility for what the legion does in Saskatchewan. What probably happened there, I think, was this. At that convention I believe that there was a good deal of lobbying, and that it was explained to the delegates that if they asked that clear title be given the old soldiers it might prejudice government action in regard to soldier settlers under the new bill. I have no fear that just because we may give clear titles to the old veterans of the first war, the new veterans will cease to make their payments. I think it is utter nonsense to suggest that any soldier of this war would wait for twenty-seven years in order to get title. He wants his title just as quickly as he can get it; and I think the records have proved that whenever a soldier settler has had the money to pay, he has paid. So that if to-day we gave clear title to these old veterans I am sure there would be no question of the soldier settler of this war wanting to wait for twenty-seven years in order to get clear title also. However, I believe it may have been argued at that convention that this action would be detrimental in this way, and I think that may be why they took that stand.

We frequently hear members of the government eulogizing the government programme in regard to the rehabilitation of veterans of world war II, and I will agree that this programme is good. There may be exceptions to that statement, but I think it compares favourably with the programmes of other nations. On the other hand, however, I would say that the government's programme in regard to the veterans of world war I is altogether inadequate. To-day veterans of the first war are old men. What chance, for instance, will the men coming out of the veterans' guard have to get back into industry? The ages of these veterans range from fifty-five to eighty, so they have not a chance. It is all very well for the hon. member for Rosthern (Mr. Tucker) to be so optimistic about the four thousand soldier settlers on the land to-day and to say that men who have an equity of 30 per cent are almost sure to be able to pay for their land. Let me remind the hon. member that in 1929 there were many farmers who did not owe a cent; who had paid up their life insurance and had money in the bank, but who lost their farms five or six years later. If men in that position can lose their farms I suggest that we should not be overoptimistic about men who have only a 30 per cent equity in their farms and who, in many instances have nothing but old machinery.

As we know, the history of the old soldier settlers has been tragic. Of the 25,000 who settled on the land, in the neighbourhood of 16,000 lost their land. The hon. member for Rosthern stated that 5,600 have paid up, but we still have some 4,000 who, generally speaking, have only a small equity in their land. The resolution before the house is based upon order in council 10472, and for a little while I wish to deal with the history of that order in council, the reason it was brought forward and to what extent it covers the needs of the soldier settlers. P.C. 10472 came into being very largely as the result of a recommendation of the committee on veterans affairs that sat in 1942. I want to read to the house the recommendation of the legion to the committee at that time, which recommendation is to be found at page 158 of the committee's proceedings for Friday, July 10, 1942:

> The legion, therefore, recommends that the principle contained in section 9 of the new bill, respecting the veteran's debt should, as far as possible, be applied to soldier settlers under the old act and that the director be given power to rewrite contracts accordingly.

On page 162 of the same proceedings I find this statement by the chairman of that committee:

> I was going to point out that failures have been largely due to circumstances over which the settler had no control. What we should attempt to do, I think, in making a report, or suggested amendments, is to try to bring this situation of settlers in distress in conformity with the present bill 65.

I do not think the hon. member for Rosthern or the minister would try to argue that order in council 10472 did bring the old Soldier Settlement Act into conformity with the new one. It is only necessary to read the two recommendations to see that in reality the order in council was the negation of the recommendation made by that committee. I say that because in the recommendation of the committee we find it recommended that soldier settlers be given equity in their land. When that recommendation was made it was the general understanding of the members of the committee that the equity would be along the lines of that given under the new act. I could quote member after member speaking in the committee who advocated that the principle of the new act should apply to the

old. I have already quoted the chairman as saying that the aim of the committee should be to give to the soldier of the last war the same benefits as received by the soldier of this one, under the act.

So, when the recommendation read that equity should be given, the understanding was that the equity would be along the lines of that given in the new Veterans Land Act. But what do we find in the order in council? We find in it that there is no provision for any equity. I quote section 1 (b):

(b) make application to the director for a reduction of his indebtedness to the director, and the treasury board may on the recommendation of the director confirm or reduce such indebtedness, provided, however, that the recommendation made by the director shall be based upon the amount which in his judgment constitutes the present and prospective productive value of the land; the effective date of reduction if any shall be the standard date in 1942.

In other words, if the director had followed out the order in council in detail he would have reduced the debt of the soldier settler only down to the actual value of the land. The soldier would have had no equity in the land at all. Fortunately, I believe, for the veterans, the director of the soldier settlement board did go beyond the order in council, and he did provide some equity.

On the other hand if, when the adjustments were made, the old soldier settlers had been given equity to bring them into line with the soldiers settling under the new act, they would have been given an equity of at least 33⅓ per cent, because that is the equity so granted under that act.

Under the new act the veteran is given an equity of 23½ per cent, and he pays down 10 per cent himself, so that he has an equity of about 33⅓ per cent. In addition, he is given a grant of $1,200 for machinery. So that actually in land and machinery he has an equity of 46 per cent.

If a soldier settler had been given an equity of 33⅓ per cent four years ago, then naturally, after four years of war and good prices for farm products one would expect to find that soldier settler in far better shape than merely having an equity of 33⅓ per cent. If a soldier settler cannot increase his equity considerably during a period of high prices, what chance would he have to increase it in later years, when prices may have fallen?

In spite of the fact that the soldier was supposed to have been given an equity of 33⅓ per cent, we find that to-day there are 1,446 settlers with an average equity of only 30 per cent. So that apparently they made no progress at all. We find there are 518 with an equity of only 14 per cent. If they were given an equity of 33⅓ per cent they must have gone back. Then there are 203 with no equity at all. Surely these figures are evidence that the intentions of the 1942 committee were not carried out.

I hold in my hand sessional paper 125B. In this paper the question is asked:

How many of the 3,800 soldier settlers classified in grades 3 and 4 as at March 31, 1942, have had their debts adjusted under P.C. 10472?

The answer is:

1,739 debt reductions have been approved by treasury board to May 31, 1946; further 72 cases are under review.

The second question was:

How many of the above failed to make an application under this order?

The figure given in reply was 1,787. I think the reason is obvious. Forms were sent out, and it is stated on those forms that their debts would be readjusted so that the amount of the debt would be equal to the value of the land. Then they were asked to sign the forms for another twenty-five years. A lot of them said, "Thank you for nothing," and made no application at all.

Then the third question:

How many of those, whose debts were adjusted, had their debts reduced to the point where they had an equity in their land of (a) over 30 per cent; (b) over 15 per cent; (c) under 15 per cent, based upon 1941-42 values?

The reply is that only 377 were given an equity of 30 per cent, 1,298 an equity of 15 per cent and sixty-four an equity under 15 per cent.

These figures prove conclusively that the intentions of the 1942 committee were not carried out. I am not blaming the director of the soldier settlement board, because he went farther than he had a right to go under the order in council. I am, however, criticizing the government for passing an order in council that was a direct negation of the recommendation of the 1942 committee.

When the question of giving clear titles to veterans in the last war came up in committee there was a good deal of discussion, and I think that generally the committee was sympathetic to it. But as I have said, however, when the time for the vote came the forces were marshalled so that there was no chance that those who were in favour of it would win out. But what I am surprised at is this, that when a motion was put to grant the soldier settlers of the last war an equity of 33⅓ per cent, the committee turned it down by a vote of twenty-one to thirteen. Again, of course, that was the direct result of bringing into the committee all the reserve

army of government members. Four cabinet ministers were included in that reserve, just to make sure that it would carry out the wishes of the government in that regard.

The government could have at least given soldiers of the last war that much consideration. It would have been right in line with the recommendations of the 1942 committee. Mind you, the whole basis of the new Veterans Land Act is that a soldier has no chance ever to pay for his land unless, when he starts out, he has an equity of 33⅓ per cent. The mortgage companies take the stand that a man must have an equity of 50 per cent in his land if he is ever to pay for it.

If it is necessary for soldier settlers under the new act, men who are young, men who, generally speaking, have fairly new equipment, to have an equity of 33⅓ per cent to pay for their land how much more necessary is it for old soldier settlers ranging in ages from fifty-five to seventy years to have an equity of 33⅓ per cent if they are to pay for their land.

Yet, strange as it seems, the committee recorded a vote against giving them that equity. The minister repeatedly asks the question: Are you in favour of the present resolution? I would reply in this way: If you find a starving man and someone offers him a small crumb, even it be a small crumb I would say by all means give it to him. Therefore I shall support the resolution as being just one small donation; but it does not begin to meet the need.

Mr. MACKENZIE: I gave an assurance this afternoon to the hon. member for Yale (Mr. Stirling) and the hon. member for Lake Centre (Mr. Diefenbaker) that an opportunity would be afforded of discussing the questions raised this afternoon by the hon. member for Lake Centre. Perhaps the house would consent to have the debate adjourned.

On motion of Mr. Merritt the debate was adjourned.

SUPPLY

CASE OF SERGEANT T. BUCK SUZUKI

Hon. IAN A. MACKENZIE (Minister of Veterans Affairs) moved that the house go into committee of supply.

Mr. M. J. COLDWELL (Rosetown-Biggar): Mr. Speaker, before you leave the chair I should like to bring before the house a case which is dissimilar to those that have been discussed this evening but which I think should be presented to the house. This is the case of Sergeant T. Buck Suzuki, No. B-90180. This is a case of real injustice. This man served with distinction in the Malaya command. After the outbreak of the Pacific war he was moved out of the coastal area in British Columbia and his wife and baby are in Ontario. I may say that he has never seen his child. His parents are naturalized Canadians and his wife was born in this country.

I have communicated with the Secretary of State (Mr. Martin) regarding the disposal of this man's property. We have heard a lot about the property of soldier settlers to-night. This property was sold for $1,963.33 by the custodian and I am told that that is considerably below its actual value. There is an insurance policy of $3,000 covering the house, and furniture to the value of $500. I am trying to summarize this as quickly as I can. There were over seven acres of land which were never assessed below $100 an acre, and the house was rebuilt in December, 1941. This man states that he can obtain from a builder a statement that a house similar to his would cost between $4,000 and $4,500.

To-day I had from the Secretary of State with whom I have been communicating a letter which really does not answer my questions regarding the disposal of this property of a man who served creditably in the armed forces. It merely states that the property belonging to this man was one of those acquired under the Veterans Land Act, that the amount realized is standing to his credit in the Vancouver office, and that it is a very small amount. In addition, the evacuation section of the Department of the Secretary of State have told this man whose property has been sold that a small amount for legal fees in connection with the conveyance of the property will be charged later.

I am bringing this matter to the attention of the house because here we have a man who served with credit. He happens to be a Canadian of Japanese origin who rose to the rank of sergeant. He comes back to this country and finds that during his absence his property—

Mr. MACKENZIE: Did he serve with the Canadian forces?

Mr. COLDWELL: With the Malayan command. He found that his property had been sold for a sum of money which, on its face, was ridiculously low and, in addition, he is faced with having to pay legal fees in connection with this sale. I am placing this case briefly before the house because I believe it should be drawn to the attention of the house being, as I contend, a matter of injustice.

Mr. MACKENZIE: I shall be very glad to see that the case is investigated by the veterans affairs committee.

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

NATIONAL HEALTH AND WELFARE

Miscellaneous grants—

Grant to Health League of Canada, $10,000.

Mr. R. W. MAYHEW (Parliamentary Assistant to the Minister of Finance): Mr. Chairman, this afternoon on the debate on the interim supply bill the hon. member for Lake Centre raised the question of a press release dealing with the suspension of ration banking facilities at La Banque Provinciale du Canada. I promised to give a statement this evening on this matter.

The system of ration coupon banking is a convenience to business introduced so as to simplify the handling and distribution of rationed commodities. The chartered banks are used as agents of the wartime prices and trade board to centralize the accounting of coupons deposited and to enable ration cheques to be used by business men in settling for purchases of rationed commodities and thus avoid the repeated handling of large quantities of individual coupons. Naturally it is necessary under the system that the banks provide a service to include the careful checking of coupons and operation of the ration coupon accounts in accordance with regulations of the wartime prices and trade board. For these services the banks are paid a fee, depending on the nature and volume of the transactions.

In the case of La Banque Provinciale du Canada there has been considerable difficulty in obtaining a proper operation of the system and the bank does not appear willing to provide the services required. As a consequence, the regulations of the board respecting the safeguarding of the coupons and the accounts have not been observed. A number of prosecutions are now pending against some individuals on the staff of La Banque Provinciale du Canada. The charges include the facilitating of black market operations. It is not possible to state precisely how long these particular irregularities have continued, since the investigations on which prosecutions will be based are not yet completed. In all the circumstances the board has reached the conclusion that the services of the bank will not be utilized in this connection after July 31. It is necessary to provide some advance notice of this intention in order that transactions pending or in process may be properly completed.

While the decision may cause some inconvenience to the ration coupon accounts affected, it should be remembered that these accounts are not part of the ordinary banking accounts, which are, of course, not affected in any way by the action taken by the board or the irregularities mentioned. Moreover, the board would be willing to reinstate La Banque Provinciale du Canada if adequate assurance can be obtained that they will provide the services required.

The hon. member asked why this statement was not made in the house instead of by means of a press release. The action taken by the board followed considerable discussion with senior officials of La Banque Provinciale du Canada, as a part of the administrative duty of the board. It is also part of the administrative duty of the board to enforce its regulations wherever violations are discovered, and it was not considered that this instance constituted a matter of policy which needed to be brought to the attention of the house.

Mr. DIEFENBAKER: Possibly the hon. gentleman will be able to give additional information because the information he has now furnished is indefinite. Will he be able to advise the nature or degree of the irregularities in black marketing that have been ascertained as a result of the investigation, also the number of prosecutions that are being taken and the number of informations that have been laid as of this time?

Mr. MAYHEW: I have learned a great deal about this transaction since I left the house about 4.30 p.m., but not being a lawyer I hardly know how far I can go without doing an injustice to those who are being charged or to the cause of other governments. But I can go this far. There are at least four, three of whom have already admitted their guilt.

Mr. DIEFENBAKER: Possibly the minister could go a little farther and indicate the depth of the ramifications. Is it widespread or narrow in compass?

Mr. MAYHEW: There are four banks in Quebec, nine chartered banks altogether. This has affected only one bank. It would not be wise for me to go any farther at the present time. There will be other occasions for giving information. I shall be pleased to give it personally to my hon. friend if he wishes.

Mr. FULTON: The bank coupon system referred to by the parliamentary assistant is run, I understand, very much like a checking account, except that the currency is ration coupons instead of money. It is fairly easy for a bank to make an honest or a dishonest mistake, just as it is easy for a merchant to make an honest mistake. I should like to

know if the ramifications include only bank officials or extend to merchants who have had transactions with the bank.

Mr. MAYHEW: It affects both.

Mr. POULIOT: As a matter of personal explanation, may I say to the parliamentary assistant that I did not run away from the battle this afternoon. He did not answer me at once and unfortunately I had to leave the chamber. I would say that what I want is not discussion in my office with anyone from the Bank of Canada. I want a public explanation in the house. That is all.

Mr. MAYHEW: I assure the hon. member for Temiscouata that I was not reflecting in any way upon him because I realized fully that he was looking for information. So far as the answer to his question is concerned, it will be given to him in the budget debate.

Mr. POULIOT: Thank you.

Mr. DIEFENBAKER: I have a few more questions to ask, and possibly it would be better if I just read that portion of the press release to which I intend to make reference:

Officials of the board explained that they had repeatedly drawn the bank's attention to irregularities in handling coupon accounts and had recommended safeguards to protect the public.

Would the parliamentary assistant be able to advise how many branches of this bank were involved, where they are located, for what period of time the irregularities had been brought to the attention of the board and the bank warned that a continuation of them would not be permitted?

Mr. MAYHEW: In my statement I said that I could not advise the house how long these irregularities had been going on because it was felt that might prejudice the case so far as the government was concerned. If my memory serves me aright, more than one branch of the same bank is involved. Naturally, in a transaction of this kind where there is crooked work it takes more than one man to be crooked, and there had to be men outside the bank as well as inside the bank.

Mr. DIEFENBAKER: It is now almost eleven o'clock. Possibly between now and to-morrow afternoon the hon. gentleman will be able to procure certain further information, because it appears that as yet we have not received very full information. I do not want to bring up any matter that would in any manner prejudice the case, but surely the house is entitled to know something of these irregularities, their extent and the degree of enforcement by the board, for apparently this has been continuing for a considerable period and must have had wide ramifications. Certainly it deserves a wider and better explanation than the hon. gentleman has so far given.

Mr. POULIOT: Mr. St. Amour, formerly of La Banque Provinciale, is one of the bigwigs of the Bank of Canada.

Mr. MACKENZIE: The hon. member for Lake Centre (Mr. Diefenbaker) is a very fine lawyer and knows that it might be embarrassing at the moment to disclose certain information which might prejudice the processes of justice in the prosecutions that may be pending. But any information that may properly be given will gladly be given.

Mr. COLDWELL: Would it be possible to give at the same time the scale of salaries paid by this bank to its employees so that we may know whether they were paid a sufficient amount of remuneration to remove them from temptation in responsible positions?

Mr. MACKENZIE: I think that is a reasonable request.

Item stands.

Progress reported.

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

Wednesday, June 26, 1946.

The house met at three o'clock.

THE ROYAL ASSENT

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

Government House
Ottawa, June 26, 1946.

Sir,—I have the honour to inform you that the Hon. Thibaudeau Rinfret, Chief Justice of of Canada, acting as deputy of His Excellency the Governor General, will proceed to the Senate chamber on Thursday, June 27, at 5.50 p.m., for the purpose of giving the royal assent to certain bills.

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

ROYAL CANADIAN AIR FORCE

DISCOVERY OF LIBERATOR BOMBER LOST IN 1943—REFERENCE TO PRESS REPORT

Hon. COLIN GIBSON (Minister of National Defence for Air): I should like to make a statement concerning an article which ap-

peared in the Montreal *Herald* yesterday morning with a front page headline which said: "Bodies Looted in Air Crash."

Yesterday I arranged a press conference at 10.30 a.m., at which the search party which had just returned from the scene of the crash gave full details to the press as to what they had found. Squadron Leader Cobb, the leader of the party, denied the reports that the wreck had been looted, and said he was positive that he and his party were the first to reach the wreck. In spite of that statement last night the Evening *Citizen* published on the front page a report from the Montreal *Herald,* and beside it the accurate report from the press conference. The heading for both articles was "Bodies Looted After Crash," followed by a question mark. I do not want to give my opinion of this type of journalism, but I must say it appears to me that the feelings of the relatives of those who lost their lives received little consideration.

QUESTIONS

(Questions answered orally are indicated by an asterisk)

MALTON AIRCRAFT FACTORY

Mr. McGREGOR:

1. What was the total dominion government outlay on account of Malton airplane factory?
2. What types of planes and how many planes were built at the said factory?
3. What was the total cost of such planes?
4. How many have since been disposed of and how much has been realized from the sales?

Mr. McILRAITH:

1. $7,243,410.75.

2. 197 Lysander aircraft; 422 Lancaster bomber aircraft; 8 Lancaster transport aircraft; 1 York transport aircraft; 736 Avro Anson aircraft; total—1364. (Together with spare parts).

3. $153,681,723.67.

4. All aircraft produced were delivered on completion to the R.A.F., R.C.A.F. or T.C.A. at cost.

WORKMEN'S COMPENSATION—WINDOW CLEANERS

Mr. HANSELL:

1. Are employees of the Public Works Department obliged to protect themselves when employed at dangerous tasks, and if so, what are the regulations respecting the same?
2. What are the regulations governing window cleaners at work on the outside of buildings?
3. Are belts provided for these workers to prevent them from falling, if so, at whose expense?
4. Are there any schemes of accident insurance for these workers beyond those offered by regular insurance companies?
5. Does workmen's compensation apply to these workers in provinces where there are workmen's compensation laws?

Mr. BERTRAND (Laurier):

1. Employees of the Department of Public Works, when employed at dangerous work, are required to use safety equipment which is provided by the department where considered necessary.

2. Window cleaners are provided with suitable safety equipment when at work on outside of buildings.

3. The Department of Public Works provides belts for window cleaners employed by them. When work is done by contract the contractor is required to provide suitable safety equipment for his workmen.

4. No.

5. Yes.

R.C.A.F. BENEVOLENT FUND

Mr. McKAY:

1. What was the amount of the Royal Canadian Air Force benevolent fund as at (1) September 1, 1939; (2) May 31, 1946?
2. What plans have been completed for disposition of the fund?
3. How much of this fund has been used for travelling or other expenses of benevolent fund officials or other persons?
4. What officials have received amounts exceeding $100 in expenses from this fund?

Mr. GIBSON (Hamilton West):

1. (1) $15,802.58. (2) $2,311,028.34.

2. The R.C.A.F. benevolent fund is incorporated under part II of the Dominion Companies Act "to relieve distress and promote the well-being of members or ex-members of the Royal Canadian Air Force or their dependents." All funds must be invested in Dominion of Canada bonds. The accounts are audited by the auditor general.

3. From inception of fund on 14th July, 1934, to 31st May, 1946, $3,069.57.

4. From inception of fund on 14th July, 1934, to 31st May, 1946:

(Expenses of attending directors' and annual meetings)

Director	$471 30
Director	159 65
Director	110 55
Director	219 70
Director	225 00
Director	107 25
Director	154 25
Director	230 00
(Expenses travelling on behalf of fund 1945-46)	
Director	433 37
	$2,111 07

VETERANS LAND ACT—PURCHASE OF FARMS IN HASTINGS COUNTY, ONTARIO

Mr. STOKES:

1. How many farms were purchased in Hastings county, Ontario, by the Soldier Settlement Board?

2. Where were they situated and what was the acreage in each case?

3. From whom were they purchased and what was the price paid in each case?

Mr. TUCKER: The hon. member indicated that he wished an answer in regard to the lands purchased under the Veterans Land Act instead of the soldier settlement board. There is no answer to the question as to the prices paid, in accordance with the principle set out at page 951 of *Hansard* of April 17, 1946. Subject to that reservation the answers are as follows:

1. Nine farms in Hastings county have been purchased under the Veterans Land Act.

2 and 3. Location—Acreage—Vendor:

S.E. ¼ lot 14, lot 13, S. ½ of N. ¼ lot 12 and N. ½ lot 14, Con. 11, Twp. Elzevier, 329, Giles W. Shields.

Lot 10, Con. 4, Twp. Madoc, 200, Ben Miller.

Pt. lot 20, Con. 1, Twp. Rawdon, 65, H. C. Martin.

N.W. ¼ lot 24, Con. 4, Twp. Rawdon, 50, R. I. and E. C. Clancey.

E. ½ lot 21, Con. 6, Twp. Rawdon, 100, Geo. D. Watson.

N. ½ lot 8, Twp. Thurlow, 98, Samuel E. Townsend.

Pt. lot 13, Con. 9, Twp. Thurlow, 90, Mrs. Leah Easson.

N. pt. lot 3, Con. 4, Twp. Tyendinaga, 79, John A. Ross.

Pt. lot 11, Con. 8, Twp. Tyendinaga, 100, Wesley Crawford.

CANADIAN BROADCASTING CORPORATION—JOHN FISHER

Mr. CHURCH:

1. Is Mr. John Fisher of Toronto employed there by the Canadian Broadcasting Corporation?

2. If so, what is his salary and other allowances?

3. How long has he resided in Toronto?

4. What various offices has he held in the corporation and what experience or knowledge had he before appointment?

5. Is he employed by any other broadcasting system or programme? If so, in what capacity?

Mr. McCANN:

1. Yes.

2. It is not the policy of the Canadian Broadcasting Corporation to make public individual salaries.

[Mr. C. W. G. Gibson.]

He receives no allowances, but is reimbursed for out-of-pocket expenses.

3. Since January, 1943.

4. Mr. Fisher is an LL.B. of Dalhousie university. Before joining the Canadian Broadcasting Corporation he had been engaged in legal research for the Rowell Sirois commission in public relations work for the Halifax *Herald* (four years) and for the wartime prices and trade board. Some broadcasting experience in Halifax.

5. Mr. Fisher has a weekly commercial programme for Purity flour.

LABOUR CONDITIONS—TYPOGRAPHICAL UNION AND SOUTHAM NEWSPAPERS

Mr. KNOWLES:

1. Have any contracts between the International Typographical Union and Canadian newspaper publishers, prior to November, 1945, contained a clause providing in any way for the excepting of the union's laws, not relating to hours, wages and working conditions, from arbitration?

2. If so, with what newspapers and dating back how long?

Mr. MITCHELL:

1. Yes.

2.

Nova Scotia

Halifax:

Halifax Chronicle, Local 130, January 1, 1931, in effect 1945.

Halifax Herald, Local 130, January 1, 1931, in effect 1945.

New Brunswick

Saint John:

Telegraph Journal, Local 85, May 1, 1923, in effect 1945.

Evening Times Globe, Local 85, May 1, 1923, in effect 1945.

Quebec

Montreal:

The Gazette, Local 176, February 1, 1915, in effect 1945.

The Star, Local 176, February 1, 1915, no agreement now.

The Herald, Local 176, February 1, 1915, no agreement now.

Quebec:

Le Soleil, Local 302, August 22, 1943, in effect 1945.

Ontario

Brantford:

Brantford Expositor, Local 378, September 30, 1928, in effect 1945.

Fort William:

Daily Times Journal, Local 417, November 1, 1943, in effect 1945.

Galt:
Galt Reporter, Local 411, December 1, 1923, in effect 1945.

Guelph:
Guelph Daily Mercury, Local 391, November 26, 1945.

Hamilton:
Hamilton Spectator, Local 129, January 1, 1944, in effect 1945.

Ottawa:
The Journal, Local 102, October, 1926, in effect 1945.
The Citizen, Local 102, October 1926, in effect 1945.

Port Arthur:
News Chronicle, Local 575, November 1, 1943, in effect, 1945.

St. Catharines:
Standard, Local 416, March 1, 1939, still in effect 1944.

Sarnia:
Canadian Observer, Local 837, February 1, 1923, in effect 1945.

Sault Ste Marie:
Daily Star, Local 702, May 17, 1930, in effect 1945.

Stratford:
Beacon Herald, Local 139, August 1, 1930, in effect 1945.

Toronto:
Globe and Mail, Local 91, April 1, 1925, in effect 1945.
Evening Telegram, Local 91, April 1, 1925, in effect 1945.
Star, Local 91, April 1, 1925, in effect 1945.

Windsor:
Daily Star, Local 553, January 1, 1925, in effect 1945.

Manitoba

Winnipeg:
Manitoba Free Press, Local 191, November 1, 1925, in effect 1945.
Tribune, Local 191, November 1, 1925, in effect 1945.

Saskatchewan

Moose Jaw:
Times (later Times-Herald), Local 627, November 1, 1924, in effect 1945.

Prince Albert:
Daily Herald, Local 705, October 31, 1923, in effect, 1945.

Regina:
Leader Post, Local 657, May 1, 1928, in effect 1945.

Saskatoon:
Star Phoenix, Local 663, November 1, 1928, no agreement now.

Alberta

Calgary:
Herald, Local 449, April 1, 1927, agreements from 1935 with Canadian Union.
Albertan, Local 449, April 1, 1927, agreements from 1935 with Canadian Union.

Edmonton:
Journal, Local 604, April 1, 1927, in effect 1945.
Bulletin, Local 604, April 1, 1927, still in effect 1943.

British Columbia

Nanaimo:
Free Press, Local 337, March 1, 1939, in effect 1945.

New Westminster:
British Columbian, Local 632, January 1, 1926, in effect 1945.

Prince Rupert:
Daily News, Local 413, March 1, 1940, in effect 1945.
Evening Telegram, Local 413, March 1, 1940, in effect 1945.

Vancouver:
Daily Province, Local 226, March 1, 1933, in effect 1945.
Sun, Local 226, March 1, 1933, in effect 1945.
Star, Local 226, March 1, 1933, in effect 1945.

Victoria:
Times, Local 201, October 1, 1945.
Colonist, Local 201, October 1, 1945.

QUESTION PASSED AS ORDER FOR RETURN

CLOTHING—PRODUCTION, IMPORTS AND EXPORTS

Mr. FLEMING:

What quantities of men's (1) shirts; (2) underwear; (3) socks; (4) suits; (5) overcoats, were (a) produced in Canada; (b) imported into Canada; (c) exported from Canada, during the last 12 months for which the figures are available, excluding clothing intended for the Canadian armed services?

MOTIONS FOR PAPERS

HOUSING—VETERANS—CALGARY

Mr. JOHNSTON:

1. For a copy of the final and/or last inspection report on each of the following properties: C. G. Ingram, 448 25th avenue, N.E.; C. Jesson, 441 27th avenue, N.E.; W. A. Dick, 445 27th avenue, N.E.; R. T. Carlson, 606 25th avenue, N.E.; E. Snyder, 443 25th avenue, N.E.; R. J. Arkley, 447 25th avenue, N.E.; D. Murdock, 630 25th avenue, N.E.; E. S. Dunn, 625 25th avenue, N.E.; C. M. Huget, 425 25th avenue, N.E.; D. Downie, 605 25th avenue, N.E.; D. Sutherland, 444 25th avenue, N.E.; H. S. Moore, 416 25th avenue, N.E.; R. Derbyshire, 539 25th avenue,

N.E.; D. Moss, 535 25th avenue, N.E.; E. K. Elton, 419 27th avenue, N.E.; D. Dahl, 602 25th avenue, N.E., Calgary, Alberta.

2. A statement with respect to each of the above, showing (a) total expenditure to date; (b) further expenditures committed to; (c) contractors bid according to plans and specifications; (d) purchase price charged veteran.

3. A copy of the inspection report made by Mr. W. D. Mackay, member of the Calgary regional advisory committee on March 29, 1946, on veterans homes in Calgary, Alberta, in the Tuxedo park area.

Mr. TUCKER: Paragraph 1 of this motion has to do with the report of the building inspector to the district construction engineer of the province under the Veterans Land Act administration. These are reports of an officer of the department to his superiors, and I understand that such reports have always been considered privileged. With the exception of paragraph 1, however, there is no objection to the motion being adopted.

Mr. JOHNSTON: I do not desire to get any secret documents that have passed between departments of the government, but I take it this is not a confidential report at all. It is the mere acceptance of the buildings on behalf of the government, and I do not think that would be betraying any confidence at all. It is a straight business contract, a question whether or not the houses have been accepted by the government.

Mr. SPEAKER: Order. These motions are not debatable. Is it the pleasure of the house to adopt the motion, subject to the reservation mentioned?

Motion agreed to.

TIMBER BERTHS

Mr. ZAPLITNY:

For a return showing (a) the number of feet of lumber and/or other timber products taken by the individuals and firms listed below, from their respective timber berths, to date; (b) the amount of money received by the government from each firm or individual for such products; (c) area of each berth; (d) amount of ground rent; (e) royalties or other fees paid annually by each of the following:

Wilfred Davidson, Sturgeon Falls, Ontario; Rudolph-McChesney Lumber Company, Limited, Timmins, Ontario; Bloedel, Stewart & Welsh, Limited, Vancouver, British Columbia; R. D. & K. R. Brooks, Prince Albert, Saskatchewan; Howard W. Brown, Flagstone, British Columbia; S. S. Clapperton, Port Loring, Ontario; Standard Logging Company, Nanaimo, British Columbia; The Imperial Lumber Company, Limited, Edmonton, Alberta; Cranbrook Sash & Door Company Limited, Cranbrook, British Columbia; A. H. Brunne & Company, Port Loring, Ontario; Pacific Mills Limited, Ocean Falls, British Columbia; Brown Corporation, Bersimis, Quebec; T. L. Garner, Westholme, British Columbia; Charles Q. Cox, Port Arthur, Ontario; The London and Western Trusts Company Limited, London, Ontario; The Ontario-Minnesota Pulp & Paper Company Limited, Kenora, Ontario; P. H. Barnett & T. B. Barnett, Vancouver, British Columbia; Kishan Singh Parhar, Ladysmith, British Columbia; Fred W. Kirkland, Vancouver, British Columbia.

[Mr. Johnston.]

BUSINESS OF THE HOUSE

ADJOURNMENT ON FRIDAY UNTIL JULY 2

Right Hon. L. S. ST. LAURENT (Minister of Justice) moved:

That when the house adjourns on Friday, June 28 instant, it stand adjourned until Tuesday, July 2 next.

Motion agreed to.

RATIONING

CIRCULATION OF FORGED COUPONS

On the orders of the day:

Mr. J. G. DIEFENBAKER (Lake Centre): Last evening at the conclusion of the sitting I asked the parliamentary assistant to the Minister of Finance whether he would furnish further information than he had given at that time in regard to the forged coupons that had passed through La Banque Provinciale du Canada. Is he in a position today to say to what extent these false or forged coupons were circulated through the bank, particularly in view of the fact that the administrator of consumer rationing of the wartime prices and trade board, speaking in Montreal yesterday, said it had been ascertained that a million and a half pounds of butter—

Some hon. MEMBERS: Order.

Mr. SPEAKER: Order.

Mr. DIEFENBAKER: —were covered by false coupons?

Mr. R. W. MAYHEW (Parliamentary Assistant to the Minister of Finance): I do not think it would be advisable for me to say anything more on this subject than I said yesterday. There will be ample opportunity for further discussion when the estimates of the Minister of Justice, particularly those dealing with the Royal Canadian Mounted Police, are under consideration. Any information it is considered advisable to give can be given on that occasion.

PACIFIC COAST COMMUNICATIONS

TELEGRAPH AND TELEPHONE SERVICES IN RURAL BRITISH COLUMBIA

On the orders of the day:

Mr. G. R. PEARKES (Nanaimo): I should like to address a question to the Minister of Reconstruction, notice of which I have

sent him, dealing with a matter of immediate and urgent importance to a large number of citizens of British Columbia. What arrangements have been agreed upon to make available the telegraph and telephone services in rural British Columbia recently disposed of to private interests? The services to which I refer are those formerly operated under the dominion government, known as the Pacific coast communications system.

Right Hon. C. D. HOWE (Minister of Reconstruction and Supply): I received notice of the question by my hon. friend. It has been necessary to send a teletype to Montreal to obtain the information, and the reply has not come to hand. If I may accept this as notice of the question I shall be glad to answer it to-morrow.

LABOUR CONDITIONS

INLAND NAVIGATION—SEAMEN'S UNION—EMPLOYMENT ON GOVERNMENT-CONTROLLED SHIPS

On the orders of the day:

Hon. HUMPHREY MITCHELL (Minister of Labour): In reply to the question asked yesterday by the hon. member for Yale (Mr. Stirling) about arrangements for the return to the lake ships of crews recently on strike, I will outline the instructions given in this connection covering both those who previously manned the ships and new men the companies might require.

The order issued by the government requires every unlicensed man, that is a man below officer rank, who was a member of the crew of a boat at the time of the stoppage of work quoted, to return to his boat and duties. If the master of the ship finds it necessary to increase his crew he is required to obtain men from the nearest national employment office. If and when an employment office obtains a request for men from the master of a ship the staff shall follow the normal procedure, and in respect to union membership that procedure is to check to see if the shipping company has an agreement with the union and to comply with the terms of the agreement. If, for example, as is the case with some of the companies, the agreement requires that only members of a certain organization shall be employed, it is the duty of the employment office to assist in seeing that the agreement is carried out. This is customary practice and one which is well understood by our officials and others concerned.

CANADIAN PACIFIC RAILWAY EMPLOYEES—PENSION RIGHTS

On the orders of the day:

Hon. HUMPHREY MITCHELL (Minister of Labour): I desire to lay on the table copy of a letter received from Mr. W. Manson, vice president personnel, Canadian Pacific Railway company, dated May 26, 1946, together with copy of Mr. Manson's memorandum commenting on Mr. H. S. Johnstone's report to the Minister of Labour on pension rights of certain employees of the Canadian Pacific Railway and associated express and steamship companies. I promised to do this for the hon. member for Winnipeg North Centre (Mr. Knowles).

Mr. COLDWELL: Have you the comments also of the men affected?

Mr. MITCHELL: I think that is pretty well covered.

SOLDIER SETTLEMENT ACT

AMENDMENT AFFECTING RATES OF INTEREST

The house resumed from Tuesday, June 25, consideration of the motion of Hon. Ian A. Mackenzie (Minister of Veterans Affairs) that the house go into committee to consider the following resolution:

That it is expedient to present a bill to amend the Soldier Settlement Act to provide that a soldier settler within the provisions of the act who served in world war II who has not abandoned his land and whose agreement has not been terminated, rescinded or assigned, and a soldier settler who did not serve in world war II who has not abandoned his land and whose agreement has not been terminated, rescinded or assigned, shall be charged in the case of the soldier settler of world war II a rate of interest of three and one-half per centum per annum in respect of his agreement made under the act after the standard date in the year 1942 or the date of his enlistment whichever is the earlier and in the case of a soldier settler who did not serve in world war II a rate of interest of three and one-half per centum per annum after the standard date in the year 1944.

Mr. G. R. PEARKES (Nanaimo): Mr. Speaker, certain remarks were made last evening by the hon. member for Rosthern (Mr. Tucker) which I feel should not be permitted to pass without being elaborated upon or explained and the other side of the picture presented to this house. I regret there was not time to do this last evening, when we were all in the mood to continue the discussion. The hon. member for Rosthern mentioned that if we were going to discuss all the details of veterans affairs upon which agreement had not been reached in the veterans affairs committee, we might be here until next September; in fact he suggested that the whole time of this house might be taken up with veterans affairs

from now until September. I should like to point out that the house has had very few opportunities during this session to discuss the affairs of the returned men and women. Many of us on both sides are here because at the time of the last election we were interested in trying to do something for our comrades, and I am quite certain that was the main motive which prompted many new members to seek election. I do not think I am exaggerating if I say that the reestablishment of our ex-service men and women, both of this war and of world war I, is one of the main issues of the day. I pine for the cool breezes of the Pacific coast and I am anxious to get home, just as are the majority of members here. But if it is necessary for us to stay here until next September in order that we may get well-deserved benefits for old soldiers, what of it?

Mr. REID: Why September? We will go to Christmas. I am willing to go to Christmas. I am here to stay, to the last shot.

Mr. PEARKES: If that is the only interruption to-day, I shall not mind.

Reference was made to the method of conducting the business in the committee of veterans affairs. I wish to have the record straight in this respect. While the hon. member for Rosthern (Mr. Tucker) gave his impressions and his interpretation of how the business of that committee is being conducted, I do not think all members see that business being conducted in quite the same way as he did.

I hold in my hand an article written by Mr. Walter A. Tucker, the chairman of the parliamentary committee—who, of course, is the hon. member for Rosthern—published in *Veterans Affairs,* which is a publication under the authority of the Hon. Ian A. Mackenzie. This copy, dated December 15 of last year, contains the following:

> Throughout its proceedings the committee has adopted a purely non-partisan approach to all questions.

Mr. TUCKER: In effect, I said the same thing last night.

Mr. PEARKES: This was an article explaining the purpose of the committee on veterans affairs. It gave the same impression as the one I had received up to last Christmas. On numerous occasions I quoted that same paragraph. I quoted it, and with pride, when I was speaking to the various branches of the Canadian Legion in my own constituency at Christmas time, because I believed it reflected the true attitude of the committee on veterans affairs up to that time. But there has come a change in the attitude adopted in the committee—or perhaps I should say by certain members of the committee—during this session. I think one might divide the committee into two parts. There are what I would call the regular attendants, those who are able to put to one side their other parliamentary business in order to devote their main attention to the matters affecting the veterans whose affairs are being discussed by the committee. I say that those regular attendants are still adopting a strictly non-partisan attitude. Liberal members have spoken against other Liberal members. C.C.F., Social Crediters and members of the Progressive Conservative party have not been afraid to express views different from those held by other members of their own particular political persuasions. I believe each man has spoken in the light of his experience. I believe each has voted, when votes have been called, in accordance with his own good, sound judgment.

Those regular attendants have listened to briefs presented by various veteran organizations throughout Canada. They have heard hours and hours of evidence given by officials of the different departments. They have listened to speeches by their chairman which have been both tense and sincere. If at times they have been rather long and perhaps a little difficult to follow because of repetition, we have always credited our chairman with great sincerity and earnestness of purpose.

After serious discussion, various recommendations have been made, not always unanimously but always with the vote of the majority of those attending that committee. Then, on some occasions the committee has gone into camera sittings, when the attitude of the government has been explained.

Mr. TUCKER: I dislike rising on a point of order, but I do suggest to my hon. friend that a discussion of what the committee has done, in general, is out of order in the debate on this particular resolution. If we are to get this work done, then I submit—

Some hon. MEMBERS: Order.

Mr. SPEAKER: The hon. member is speaking to a point of order, and I would ask other hon. members to hear him state it.

Mr. ROSS (Souris): You talked all over the show last night for forty-five minutes.

Mr. TUCKER: I would say, Mr. Speaker, that if we are to debate the general proceedings of the committee, every member has the same right to go into it as the hon. member who is now speaking.

Mr. ROSS (Souris): You did last night.

Mr. TUCKER: There is no question that if we are going into this at great length, we shall not be dealing with the resolution now before the house, which has as its purpose a reduction of the interest rate from five per cent to three and one-half per cent. I just bring this matter to your attention, sir. If it is the desire of the house to debate the proceedings of the committee in a general way, without relationship to the business now before the house, then personally I have no objection. It is just a matter of observing the rules.

Mr. STIRLING: If that be the point of order I have a remark to make. What is sauce for the goose is sauce for the gander. We listened to the chairman of the committee at considerable length, and he most certainly dealt with what had happened in the committee.

Mr. TUCKER: Only, if I may say so, in reference to this resolution.

Mr. SPEAKER: I asked hon. members last night to discuss only the principle of the resolution, because afterwards the house will go into committee. There will be opportunity to discuss the matter in detail in committee on the resolution and on the bill. Therefore I would ask hon. members to be kind enough to confine their remarks to the principle of the resolution before the house.

Some hon. MEMBERS: Go ahead.

Mr. PEARKES: In order to make clear my attitude respecting the principle involved in the resolution, I should like to point out that after these camera sittings of the committee to which I have just referred, and the proceedings of which I pass over without comment, the government came down and explained its attitude. The committee then reassembled and conferred with the idea of seeing whether it was possible to come to an agreement, because the Minister of Veterans Affairs repeatedly asked the committee if at all possible to reach a unanimous opinion. There was a desire in the committee to cooperate. Unfortunately some of the later conferences reminded me of conferences I held when I was in the army, which were more on the type of an order group than what is generally meant by a conference in which discussions are held. At those meetings I would adopt the attitude and say, "Gentlemen, I have told you my plan, are there any questions? If not, thank you very much, that is all." In other words, take it or leave it. If, however, the committee was not prepared to accept all the recommendations of the government, then there would be whining and bellowing much the same as there was last night. Questions which had been settled would be reopened. The Liberal whip would appear at the door, heads would be counted, and back-benchers and cabinet ministers would slide into their places. New recommendations were made. I realize that some hon. gentlemen could not give as much time to the work of the committee as others, but they still remained on the committee. They came forward. The only thing that really counted was their vote; it did not matter whether they had heard any of the previous arguments. Their votes were urgently required. Last night an hon. member said something about their voting against their conscience. I do not think he meant that, and I certainly would not go as far, but I must admit it was a source of amazement to me that their conscience allowed them to vote at all.

Mr. TUCKER: I am surprised—

Some hon. MEMBERS: Order.

Mr. TUCKER: On a point of order; the procedure referred to by the hon. member was not adopted in regard to this particular bill in any way, shape or form and I ask you, Mr. Speaker, what conceivable connection it can have with this resolution? My hon. friends opposite can applaud and defend a breach of the rules if they wish, but I again ask you, sir, to apply the rules to the hon. member the same as to any one else.

Mr. SPEAKER: Last night when this resolution was discussed it was said that it had been prepared with the unanimous consent of the committee. I understand that the hon. member was answering some of the questions that have been asked. I have permitted some hon. members on both sides of the house to discuss what happened in the committee before the resolution was introduced in the house, and I think I should allow the hon. member for Nanaimo to do the same.

Mr. PEARKES: I do not intend to take much more of the time of the house on this argument, because I think I have already made my point. It is idle and futile to say that the decision made by the committee after the mobile reserve had been called in was the unanimous opinion of that committee. I suggest that the government is attempting to use the committee on veterans affairs as a shock absorber, just as it attempted to use the dominion convention of the Canadian legion.

Mr. SPEAKER: I have permitted the hon. gentleman to answer other hon. members who spoke about what happened in the committee,

but I believe now he should confine his remarks to the principle of the resolution before the house.

Mr. PEARKES: I shall come definitely to the principle of the resolution. We were asked repeatedly last night whether we were in favour of the resolution. I am not in favour of the resolution. We were asked last night whether we would accept the responsibility of asking to have the resolution withdrawn. I accept the responsibility of asking to have the resolution withdrawn, provided that the government will give an honourable understanding that before the close of this session it will bring down a new bill giving more generous terms to these old soldiers whom we are now considering. I am not in favour of any bill that is only a half measure.

I ask the parliamentary assistant to notice the words I used, "giving more generous terms." I do not know how far he and the government are prepared to go in that respect. It has been suggested that these old soldiers be given clear title after twenty or twenty-five years to the land they obtained through the soldier settlement board. All the arguments in favour of granting such free title have been presented, such as the age that these men have reached, their inability to find a place in the labour market and the fact that many of them left their farms to serve in home defence units, such as the veterans guard and security guard and so forth, and rendered valuable service during world war II, but suffered additional infirmities because of the exposure they underwent. All these have been advanced.

It has been pointed out also that partly because their service was in Canada only, partly because they have already received some consideration from the soldier settlement board, and partly because of their age, they are not entitled to receive all the benefits of the Veterans Land Act. The attitude of the government in this connection is having an effect upon young veterans of this war who are considering going on the land. That statement is borne out by the figures which were tabled last March showing that up to March 31 only 5,000 out of hundreds of thousands of returned men had actually taken out the full farm benefits under the Veterans Land Act. This is attributable to many causes, one of which is the feeling that their fathers did not get a square deal from the soldier settlement board.

I take it the government is anxious to establish on the land as many veterans as possible. Let us give them encouragement. It has been suggested that these young men will prefer to wait for twenty-five years knowing that they will receive something for nothing, and because they have the example of some poor old soldier of the first great war who lived in hardship for that length of time and who had some of his indebtedness remitted by a generous government I do not believe that those who advance that type of argument are in touch with young Canada at all. I think they have failed entirely to interpret the determination of the veteran of this war to get reestablished and to continue to do something for the service of his country.

The government may not feel inclined to give clear title. The government may feel that it cannot write off all the soldier settler's indebtedness. We are having examples of the government writing off very considerable sums, examples of government moneys being spent to buy equipment which afterwards was sold for a song. Be that as it may there are other ways in which more generous treatment could be accorded to these old soldiers. Their indebtedness might be reduced. There is plenty of time yet to reconsider during this session the bill which is to be placed before the house. Other bills far more complicated than this one have been withdrawn at the eleventh hour of the session, rewritten, brought down again and passed. Therefore I ask the parliamentary assistant to the Minister of Veterans Affairs whether he is prepared now to withdraw the resolution, on the understanding that it will be brought down again this session in such form as to give more generous terms to these old soldier settlers. If he is not prepared to give that undertaking, then it may be that I shall be forced to vote for the resolution, because I do not want to stand in the way of any soldier getting even the small additional advantage that this meagre resolution offers to him.

Mr. L. A. MUTCH (Winnipeg South): Mr. Speaker, I fancy that I am in a unique position in rising to speak on this resolution, not because of my attitude toward the resolution itself, but because of the fact that so far the discussion has had little or nothing to do with the subject matter of the resolution.

I am one of those who in this house a year ago advocated the granting of clear title, for reasons which I gave at the time. I think it is uneconomic to send good money after bad. If we are not going to leave it to the house and the people of this country to read the proceedings of the committee, I am entitled to say on my own behalf that when a member of the committee brought forward a resolution to grant clear title I supported it. I think that was the only recorded vote that has taken place in the veterans committee in the last two parliaments. My word on that can-

not be questioned. While I lost my vote on that resolution, I was one of those who, in spite of all the whining and bellowing which the hon. member for Nanaimo (Mr. Pearkes) mentioned, and now the braying which has followed it, accepted unanimously this much, that we have in the resolution now before us.

I have been a member of the veterans' committee since it was first established after the elections of 1935, except for a few breaks during 1941 and 1942. I have boasted across this country to the legionnaires of Canada and their families and friends that the veterans' committee was one committee in which members drawn from every corner of the house had sat together and done their best to interpret the generosity and good will of the people of Canada to the veterans of Canada without any resort to politics. I will say that with certain lamentable exceptions we have been singularly free from party politics in the veterans' committee, and I am proud of that.

I have to agree with the hon. member for Nanaimo when he says that party lines have frequently been cut across in the veterans committee with respect to soldier legislation. Why in heaven's name, when we have before us now a resolution embodying a concession to the soldier settlers which I admit is less than on two occasions I advocated in the veterans committee, there should be an attempt, as there has been in the last fifteen minutes, to play politics, a bald-faced attempt to play the cheapest electioneering kind of politics, is something I cannot understand. I have no hesitation in saying that. I invite anybody to read the record. This is my thirteenth session; I have been completely free from personalities in this house, and I want to keep my record that way. I have given most of my time outside of the chamber to the veterans committee, and I have been proud of the associations I have had with the friends of the soldiers who have been members of that committee.

This resolution, unsatisfactory as it was to some of us, was adopted unanimously. Why should a resolution adopted unanimously by the committee be used as an opportunity to bring on a political Donnybrook in this house at the expense of the people to whom we owe so much? That is not good enough, and I protest against it with all the sincerity of which I am capable. I understand the game of politics, and I am perfectly free to meet my hon. friends opposite on any committee dealing with any subject other than soldiers affairs, but in the veterans committee politics has been excluded and we have made a contribution that has been worth while to the welfare of the soldiers. I resent most keenly, as most members of the committee will resent and the veterans themselves who understand what is being done for them in this resolution will resent, the tone and tenor of this whole debate.

Mr. J. S. SINNOTT (Springfield): Mr. Speaker, not being a veteran I think you should hear a word from me on this subject. I am amazed at the attempt of members on the other side of the house to shift the responsibility on to the shoulders of others when they themselves were responsible for giving these settlers the worst soldier rehabilitation legislation this country ever had. They placed these soldier settlers on land that was growing nothing but jack-pine. The soldier settlers had to cut the jack-pine for a living, and when the jack-pine ran out they had to snare rabbits. Placing the veterans on such poor land, with such poor machinery, and under such poor conditions we could not expect them to be in any other position than the one they are in now. I feel that the government is doing everything possible for these veterans in the circumstances in which others have placed them; therefore I resent the attempt at this time to infringe on the right of the government to accept the responsibiliy which has been placed upon them by the people of this country.

It just shows you the difference. It shows you the advantages which the boys of this war have, and proves that the government of to-day has the war veterans at heart in every respect. Care has been taken in the purchase of the farms with which these men have been provided, to see that they are productive. Throughout the neighbourhood in which I live they have been bought at prices not exceeding $30 an acre; in the last war, on the other hand, prices were paid all the way up to $50 and $60 an acre. Now the boys have not had to pay as much, and their circumstances are altogether different. It has also been provided that out-of-work benefits shall be given the men so that they may not have to spend their gratuities, and those who were obliged to suspend their education are now enabled to resume it.

Once more, to cut the matter short, I would say that this matter has been dealt with in the committee; therefore it would be advisable for us to refrain from threshing old straw so that we shall not be here until Christmas.

Mr. G. H. CASTLEDEN (Yorkton): Since this matter has been brought up, I should like to make plain the position of a number of members in this group in regard to the resolution. As one who is a veteran of the first

world war, I took a great interest in the soldier settlement scheme. I have lived among, and on occasions I have lived with, members of the fighting forces who took up land under the old soldier settlement board scheme, and resolution after resolution has appeared on the order paper of this house asking the government to grant free title to the soldiers of the last war who are still on the land. Now, in order that the house may get a proper picture of the success or failure of that scheme, I would ask the parliamentary assistant, who is now piloting this resolution through the house, to put on the record the number of men, originally 25,000, who under the old soldier settlement board scheme have lost their farms through foreclosure, or deserted them entirely, or were compelled to sign quit claim deeds. The fact that a very small percentage, about twenty per cent, now remain on the land, many of them still in debt, is an indictment from which no government can escape by argument. It is the failure to make that old soldier board settlement scheme work that we protest against.

I know that since this war started these men, who are now approaching the last years of their lives, when they can do little actual hard labour on the farm, have done a remarkable job, and the little group who are left are paying off what they can with the returns they receive, which have been somewhat increased as a result of the war situation.

Let me give some actual cases from my own constituency. First I will take the case of a man near the town of Raymore. These are his cash returns over a period of years. According to the contract he had, he was supposed to pay to the board every year the sum of $225. In 1935 his gross receipts were $350. His harvesting and threshing expenses and taxes amounted to $150, leaving him, for the maintenance of his home and to carry on, the sum of $200. In 1936 his gross receipts were $396, and his expenses were $150, which left him $240 for maintenance of the home. In 1937 his total receipts for the whole farm amounted to just $33, while taxes and repairs —there was no threshing bill because the crop was so small—left him with a loss of $50 on the year's operations. In 1938 he had an income of $274 and expenses of $150, so that he had $124 for the year to keep his family. In 1939 his gross receipts were $620, and he was repaying relief obtained during the years when he tried to carry on with practically no farm income. After paying for repairs to barn and so on he had net proceeds of $354. Imagine that man trying to carry on over the years on less than $1,000 a year! And the next year we find the soldier settlement board clamping down on him, sending inspectors to investigate. I took the matter up because this man was in despair. They were advertising his land for sale because he had not paid the $225 every year.

Mr. TUCKER: Did he apply under the Farmers' Creditors Arrangement Act or under P.C. 10472?

Mr. CASTLEDEN: What good does that do? He is losing his land.

Mr. TUCKER: Others who did apply were given a very good adjustment. I wondered whether the hon. member had advised this gentleman to take advantage of the assistance provided either by legislation or by order in council.

Mr. CASTLEDEN: If I had thought he could maintain control of his land and have an equity in it with any future hope of getting title to it, I would so advise him.

Mr. TUCKER: Did you?

Mr. CASTLEDEN: Yes, I did.

Mr. TUCKER: And did he get a satisfactory settlement?

Mr. CASTLEDEN: He got a partial settlement, but not before his land was offered for sale. I have another case before me. Apparently the records got twisted in the central office in Saskatoon, and they sent a letter to this man on January 16, 1941, pointing out to him that the amount of his arrears in taxes was $458. But he had cash receipts for taxes or had worked them out in labour; nevertheless they concluded their letter as follows:

> We are definitely notifying you now that if this quit claim deed is not completed and returned to this office prior to the 13th of February that you will leave us no option but to recommend to our head office the immediate rescission of your contract. We are, therefore, hoping that you will return quit claim deed as soon as possible.

Another man encountered difficulties, after doing the best he could. He received particularly embarrassing instructions when he had the sum of $130 left from the year's operations and found it necessary to take his wife to hospital because she was suffering from cancer. She had to receive treatment every month, and this used up practically all the resources he had; then he received from the soldier settlement board notification to the effect that he must try to make further payments. Going back to the year 1925, this man has had gross receipts of $1,491 and payments to the soldier settlement board of $237 each year. His average income has been $783, while he has made payments in other respects each year amounting to $170 from

the very small crops that he has had. Having a family to support, he found it almost impossible to carry on the year's operations, and yet the soldier settlement board hounded him from day to day, taking advantage, as it appeared to him, of the situation in which he found himself, to press him when he was least able to pay, thus humiliating him and putting him in a position where he nearly lost his land.

Near the town of Togo one man took up land with two other veterans of the last war. The boys on either side of him gave up in despair because they could not make a go of it, but this man carried on. His wife stayed on the farm, and he filed on another homestead in the north. He operated his little farm as best he could. He went out and proved the other land in the northern part of the country. He finally sold that and took all the money he had and put it in the quarter-section which he had near Togo. He still found himself terrifically in arrears. The administrative office must know that the men who are left on the land cannot now carry on the necessary work and make their proposition pay. To give a reduction of interest rates under the new contract for twenty years is not giving very much to men who are sixty-five years old. Surely for the remainder of the veterans it is not asking for a hand-out; it is asking only for justice that these men be granted a free title to their land. After all, these men have suffered much. I have talked to men who were turned off their land in the bad years by the soldier settlement board. The bitterness in their hearts about the treatment they received from governments over the years when income was small is something which will live long in their memory and in that of their children and their children's children. They will never forget the treatment which has been handed out by this board.

If this scheme is as successful as the parliamentary assistant seems to imply, where are the 15,000 men who started out on it? They gave to it the best years of their work, and they have nothing. Of the 25,000 who started out, 5,000 are left, but I am talking of the 15,000 to whom this scheme was nothing but complete failure. What they think of the treatment accorded to them by the governments of this country is something which one would hate to express. These men gave the best of their lives in the last war; they worked through years when there was no possibility of anyone making a sufficient income even to maintain himself, to say nothing of being held responsible for large payments on the land. I know that reductions were made; I know that certain adjustments were also made. Although the burden was lifted, there was still too much left upon them to make it possible for them to carry on, and the failure of the vast majority is the thing to which we must give our attention.

I am suggesting that you cannot always take the decisions of one particular province. The parliamentary assistant made some reference to the representatives of the British Empire Service League and what conclusions they had arrived at in one particular province. I have found on examining these things that very often in the smaller centres the soldier settler could not make his voice heard. He did not have the opportunity to go to his veterans' meeting or to carry his story to the central organization. In the larger centres it often happened that government officials took charge of the work and gained control of many of the official positions in the British Empire Service League; therefore government policy was always protected. But the boys in the remote areas had no means of making their voices heard, and in a good many cases the problems of the soldier settlers have not been heard. Many of these boys are now scattered and employed in various parts of Canada, and they have no voice in the decisions of the British Empire Service League. The British Empire Service League may pass resolutions at provincial convention which do not take into account the representations of these men who suffered and are now passing out of the picture. I had one case drawn to my attention of a soldier who had bought one of the soldier settler farms. He was receiving a pension on account of an amputation or disability incurred during the war. This pension could not be touched in any way so far as payments were concerned, but he was asked to assign a part of his pension to take care of the rent for his farm, since he had not been able to make the ordinary payments. That is the kind of treatment which makes the opposition in the house demand that the government recognize the failure of the scheme and grant these burnt-out men clear titles to their land, so that in the few remaining years of their lives they may live in peace and without worry.

Mr. BROOKS: I rise to a point of order. On several occasions last evening the hon. member for Rosthern (Mr. Tucker) said that the committee was unanimous in reporting this resolution. The hon. member for Winnipeg South (Mr. Mutch) made the same statement to-day. I should like to call the attention of the house to the fact that this resolution has been on the order paper since April 12, which is over two and a half months ago. I

understand that the reason it was not brought before the house sooner was that the committee had hoped to include other recommendations in this resolution. As the parliamentary assistant knows, two or three other proposals were made in the committee, and the committee had hoped they would be included in the resolution. After two and a half months we find that the resolution now appears before the house in the form in which it was presented on April 12, in spite of the fact that considerable discussion has since taken place in the committee, and in spite of the fact that hon. members made certain motions to have other principles included in the resolution. That, I am sure, is a clear indication to the house that the committee was not unanimous as far as this resolution is concerned. We wanted more included. I make this statement to keep the record straight. We are in favour of the two matters which are raised in the resolution, but we did want and we insisted in the committee that other matters be included. I do not think it is fair to hon. members of the committee who fought to have other principles included to say now that we were unanimous on this resolution.

Mr. MUTCH: On the point of order, since the hon. member has quoted me with respect to this resolution, I was careful to say that this resolution did not embody all that some members of the committee, including myself, wanted. But having failed to achieve that, I said, and I repeat, that having decided in the committee that we were not going to get all that we asked for, the committee unanimously agreed to request that which this resolution asks for.

Mr. BROOKS: The hon. member cannot put that on the record—

Mr. DEPUTY SPEAKER: Order. There is no point of order before the house.

Mr. J. G. DIEFENBAKER (Lake Centre): I wish to place before the house my views on this matter, because I happen to be the sole Progressive Conservative member for Saskatchewan. The hon. member for Rosthern (Mr. Tucker) has given the government's point of view, and other members have expressed the views of the C.C.F. party. The stand taken by the Progressive Conservative party in Saskatchewan is that there should be a discharge of the indebtedness of all soldier settlers holding contracts since the first great war.

Some hon. members say that the Canadian Legion in Saskatchewan is not in favour of that. I realize that the provincial association did not support it, but individual branches all over the province have supported it. The branch in Prince Albert, to which I belong, supported it, and the president of the provincial command is Mr. Walter Whalen, one time president of the Prince Albert branch, and latterly the representative there.

I can see no argument against granting this right to men who have suffered as few others have suffered under similar circumstances during the last twenty-five years. I have visited with them, as have other hon. members. They have gone through difficulties the like of which those who are not acquainted with the circumstances under which they live do not appreciate. There can be no argument against it on the ground of repudiation of debt, because we have the Farmers' Creditors Arrangement Act which regularly reduces and often entirely discharges debt.

So far as any saving to the country is concerned, last evening the hon. member for Royal (Mr. Brooks) stated that the director had said in evidence that the cost of administering the soldier settlement indebtedness amounted to some $100,000 a year. Certainly it must have decreased recently, because in a return brought down in 1944 the cost of administration of the soldier settlement indebtedness in the preceding year was given as $646,000. If the remaining indebtedness is amortized over a period of twenty-five years under the order in council pertinent to this matter is will cost to collect the balance of the indebtedness three times as much as is actually owing to-day, on the basis of the figures given in 1943.

There is one other matter I want to mention. I may be in disagreement with other hon. members on this side of the house, but I do not believe the Veterans Land Act is being administered as it should be in the province of Saskatchewan.

Mr. ROSS (Souris): Or any other province.

Mr. DIEFENBAKER: Or any other province. I hear more criticism of this department than of any other department. It seems to be paralysed by red tape. I know in my own province those who administer it are discriminating as against certain productive sections. It is impossible to get any action—and any criticism I have to offer I express when the person concerned is present. I have often said to the minister, "You accept the recommendations we make. You give them every consideration. You turn them over to the administrator of the Veterans Land Act, and there they die." Let me give an example. In my constituency, areas that have been pro-

ductive ever since the C.P.R. came to western Canada are denied the privilege of having soldier settlers.

Mr. TUCKER: On a point of order, Mr. Speaker, I do not like to bring this point of order up again, but I put it to you that if you permit the hon. gentleman to proceed I shall be in the dilemma of either undertaking to answer the allegations of the hon. member as to the administration of the Veterans Land Act, which has nothing to do with this resolution, and which would put me out of order, or of letting them go unanswered rather than be out of order myself in speaking to them. In any case it would mean entering upon a debate for which I did not come prepared. I do suggest that the rules of this house are laid down in order that debate may be carried on in an orderly way, and that in debating the administration of the Veterans Land Act on a resolution which has to do with the Soldier Settlement Act the hon. member is out of order.

Mr. DIEFENBAKER: On the point of order, Mr. Speaker, I have followed the lead of my hon. friend. I thought he understood the rules, and last evening he covered the whole ground. Apparently the situation is different to-day.

Mr. TUCKER: I did not mention the Veterans Land Act.

Mr. DIEFENBAKER: Through you, Mr. Speaker, may I say to the hon. gentleman that he mentioned everything he could possibly bring in. To-day, however, he objects when we on this side of the house endeavour to answer the charge he made indirectly, and that was made directly this afternoon, that because we want to see certain things changed in regard to veterans affairs we should be charged with partisanship. We are placed in a certain position before the house and the country, and we are answering any suggestion that we who are not members of the committee should be bound by its findings, though to our surprise, as members of the house, that committee apparently did not come to the unanimous decisions that my hon. friend the parliamentary assistant would have us believe. If we are to be bound by a committee—

Mr. TUCKER: Now my hon. friend is suggesting that I made a mistake.

Some hon. MEMBERS: Order.

Mr. TUCKER: On the point of order—

Some hon. MEMBERS: Order.

Mr. DEPUTY SPEAKER: I undertsood the hon. member for Lake Centre (Mr. Diefenbaker) was speaking to a point of order, but I think I have heard enough on this point. Last evening I drew the attention of hon. members to the fact that the house was considering a certain resolution to amend the Soldier Settlement Act, and requested hon. members to make their remarks relevant to that act. All I can do is repeat that request this afternoon.

Mr. DIEFENBAKER: With the greatest deference, Mr. Speaker, I bow to your ruling. I was trying to show that if the same people are administering the present act who administered the Soldier Settlement Act, one can well understand the difficulties some of these soldier settlers have experienced in recent years; and I was just trying to discuss the principle before the house at the moment.

So far as the resolution is concerned, I advocated this in the house in 1941. It is not something new. I believe the first person to interest himself in behalf of the old settlers, in securing a reduction in the interest rate from 5 per cent to 3½ per cent in order to place them on the same basis as those coming under the Veterans Land Act, was Mr. Campbell of the Edmonton *Bulletin,* who urged this action over a very considerable period of time. We are in favour of this resolution as it stands, but surely we are permitted to say that it does not go far enough.

There is just one other point in that connection. In your experience, sir, have you ever heard a responsible administrator on the government side of the house say that when the opposition says, "We support this as far as it goes but it does not go far enough," they then should be told that the government might take away the resolution because we ask for more than it covers? That is a denial of the independence of parliament and of the rights of members of parliament.

Some hon. MEMBERS: Oh, oh.

Mr. DIEFENBAKER: Oh, yes; my hon. friends have used threats like that before; that is why they are so jocular about it, but we are not one bit frightened by threats like that. So far as we are concerned we believe this is a proper resolution. We feel that it does not go far enough, and we are not going to be intimidated by any suggestion that if we ask that it go farther, the resolution will be withdrawn.

Mr T. L. CHURCH (Broadview): Mr. Speaker, I have not taken part in the discussion of these matters for some years, be-

cause we now have in the house a large number of returned men who have been overseas and who know something about the condition of those who went on the land after the first war, as well as those who have gone on the land since the end of the last war. I have received a large number of letters, however, from soldiers who were told wonderful things about what the dominion and provincial governments were going to do for those who went on the land. I thought the committee would have brought in a report which would be much more liberal toward those concerned, because as you know, Mr. Speaker, between the two wars there was continuous complaint about the difficulties and hardships of those who had gone on the land.

This idea of granting land was first carried out, I think, after the northwest rebellion, and was continued after the Fenian raid, when grants of land were given by the dominion and the provinces. Some of those people, however, never saw the land and got shabby treatment, though in Ontario I understand they were given 160 acres. As everyone knows, the soldier who goes on the land has a hard job. Many of them had not been farmers; many had to put up with conditions which no individual should have to endure. I used to visit this committee once in a while, and in other years it was one committee which left out politics and thought first, last and always of how the returned men could be helped. These people suffered greatly through the lack of transportation and the lack of proper appliances and conveniences with which to work, though this condition has been helped through the rural electrification movement in one or two of the provinces. I was in hopes that the committee would cut out all this red tape and the technicalities which we have seen since the debate started, and that the matter might be referred back to the committee so that it could make a more liberal appropriation.

True, some help has been given by way of a reduced rate of interest. I have had letters from some who wanted to go on the land but who, after they had written and taken the matter up, declined to go any further.

I hope we shall have better success in putting men back on the land after the second war than we did after the first one, because conditions have been growing worse, in geometrical progression, ever since the first war. Complaints have been made by one and all who went on the land. We hear talk about going back to the land; well, who is going to go back to the land, after serving in the second world war, if he has to put up with the intolerable conditions suffered by those who went back to the land after the first war?

While undoubtedly the chairman of the committee is most active, I suggest he is too technical; and if he wishes to have this resolution passed he is going the wrong way about it. I can tell you this, that I receive as many letters from soldiers as any other member and many of them refer to this particular matter. These men have come back from the second world war. I do hope the committee will consider much more liberal treatment of those who wish to go back on the land after fighting a second world war.

Mr. WILLIAM BRYCE (Selkirk): Mr. Speaker, I do not wish to take any considerable time in what I have to say, because I shall subscribe to what other hon. members have said. I am a member of the legion, and also have been on a soldier settlement farm, so I know something about it.

I do wish to go on record, however, in support of what the hon. member for Battle River (Mr. Fair), the hon. member for Melfort (Mr. Wright) and other hon. members have said. I have letters from members of the legion in Manitoba complaining repeatedly about the Veterans Land Act. There seems to be something wrong there. Men who wish to come under the settlement scheme have difficulty in buying farms in communities where they have lived all their days. Surely there must be something wrong with that. If anyone knows conditions in a community, surely it must be the man who was born and raised there.

When a man reaches the age of twenty-four or twenty-five he finds that he wants to buy a farm, but the administrators of the Veterans Land Act say, "No, you cannot settle here." Surely the young man himself should be the best judge of that. I do not wish to take further time, but desire only to support what other hon. members from Manitoba have said.

Mr. D. S. HARKNESS (Calgary East): Mr. Speaker, despite the numerous occasions upon which attention has been drawn to the terms of the resolution, the fact remains that the debate has hinged on the question of free titles being given to veterans of the war of 1914-18, who settled under soldier settlement legislation of that time. The debate has revolved almost completely around the refusal of the government to accede to that request. The government, apparently having decided definitely against that course, I would ask them at least to give to these old soldiers some better treatment, some better reward than that

provided in the resolution before the house. Requests from a considerable number of these veterans that they be given free title to their lands have originated, I believe, from the fact that many parcels of land after being taken back from settlers by the soldier settlement board were then resold to civilians on much better terms than were given the soldier settler. I believe that has been the cause of much of the trouble.

In my view most soldier settlers would be reasonably well satisfied if the Soldier Settlement Act were amended in such fashion as to give them as good treatment respecting their debts on their farms as ordinary civilians have received after those farms have been taken away from the soldier settlers.

I have here from a soldier settler in Alberta a letter which, I believe, illustrates extremely well what has been going on and the reasons for discontent which now exist. This letter is dated March 7, 1946, and states:

During the month of April, 1943, the soldier settlement board sold the above parcel of land to Mr. X of Lougheed, Alta., for $160 cash and Mr. X assumed the outstanding taxes which amounted to $70. In other words he receives a clear title to this quarter section for $230 or 17 per cent of its assessed value. Below is a general description of this quarter, and also a few facts concerning this case.

1. It contains 160 acres assessed at $1,340.

By the municipal assessors.

2. Of this amount there is from 110 to 115 acres of fairly level medium black sand loam with a clay subsoil. There is also another 15 to 20 acres of very heavy rolling land of the same type in the north and east portion, making a total of at least 125 acres of arable land.

3. The balance is classed as pasture land of varying contour; but for the most part low-lying land of mixed soil furnishing a good natural pasture.

4. There is also a spring on this quarter, an unfailing source of fresh water.

5. At present there is about 45 acres cultivated, but the balance of the arable land can be easily broken as it is practically free of rock and contains only about 15 acres of light willow and poplar brush which can also be easily broken up.

6. This quarter is situated in the municipal district of Asquith, about 125 miles southeast of Edmonton. It is five and one-half miles from a village with six grain elevators and a full grade 12 high school, three and one-half miles off of provincial gravelled highway No. 13, two and one-half miles from a rural school.

7. It is fully fenced and is bounded on the south and east by rural telephone line.

This farm was originally under contract by a veteran of the first great war, who together with one of his sons, served overseas on active service, in this second war. I've inquired of the board if he or any of his family was given the chance to repurchase this farm at this price. From their reply they have a quit claim from him and so far as he was concerned the incident was closed. No other vet of either the first or present war was given an opportunity to purchase this farm at this price. I have also asked the board if the same reduction in value would be given the soldier settlers.

That, I think, would solve this whole question in a fairly satisfactory way, namely, if in cases of this kind the same reduction in land value were given as is given when the land is subsequently sold to an ordinary civilian. Then, to continue with the letter:

From their reply this can't be done. They can't lower the valuation to a settler, but once they receive a quit claim they have the power to revalue and can sell it to some other party for any price they mutually agree upon.

Mr. TUCKER: The hon. member knows, of course, that under P.C. 10472 that is incorrect.

Mr. HARKNESS: That is not the case. I took up this matter with the director of the soldier settlement board, Mr. Murchison and was informed by him that this statement is correct when it states that the soldier settlement board is not able to lower the valuation to a settler, although once they have obtained a quit claim from the settler they can sell the land for any figure they please.

In this particular case I made a further request that Mr. Murchison look into the matter, and the application of P.C. 10472, to which the parliamentary assistant has just referred, in order to have a revaluation and a reduction in this man's indebtedness. I have not the figure here, but I believe it stands at about $2,000. This was done, and the reply from the board was that it was impossible to make any reduction other than that which had already been made. At the same time this man offered the board $500 as a settlement of the amount owing them. That was more than twice the amount that the neighbouring quarter-section had been sold for, after it was taken away from another veteran.

Mr. HARRIS (Grey-Bruce): Will the hon. member tell me when the quit claim was given in the first place, and the name of the writer of the letter?

Mr. HARKNESS: I shall be glad to give all the names, if you wish. The writer of the letter is Mr. E. M. Petersen. The first paragraph of the letter stated that the land was sold in April, 1943. If the hon. member had been listening a little more closely he would not have needed to ask the question. To continue with the letter:

This is certainly a ridiculous state of affairs and leaves everything open to graft and favouritism. Now, who is the purchaser to receive a plum of this kind? The party in question came to this country about 25 years ago. He is considered to be a good farmer, a good neighbour and has a good eye for bargains. If he is naturalized it wouldn't be until 1935, at which

time many were debating whether to qualify for the $25 per month or retain the status of citizenship of the country of their origin.

He goes on to tell more about this man which I do not think is of any particular interest; then he says:

The S.S.B. sells him this farm at a time of guaranteed prices for farm products. Any of the following items gave him a clear title to this land: two two-year old steers, nine hogs, 250 bushels of wheat, 400 bushels of barley or 500 bushels of oats which gives him an ideal mixed farming half section. It will be hard to convince him that there isn't a Santa Claus from now on as long as there is a S.S.B. in Edmonton and especially since he has resold this quarter for $1,350 cash. This deal was also negotiated at a time when the government was proposing various plans for rehabilitation of vets of this last war. From any report I have been able to get they are asking the present vets more for one or two acres of land adjoining some city or fifteen times as much for a quarter section as what the S.S.B. asked and received from this party, while they were away fighting for this country of which it is doubtful if he has become a citizen.

Mr. TUCKER: Has the hon. member looked into the facts alleged in this letter, and does he say on his own responsibility as a member they are correct, or is he just reading something that has been written to him?

Mr. ROSS (Souris): I can give you one exactly the same.

Mr. HARKNESS: I have looked into the facts, and I have had a solicitor in Calgary look into the facts, and I am prepared to state on my responsibility as a member that they are correct. I took this matter up with Mr. Murchison some six weeks ago, and he did not dispute the facts which I have given. I am not blaming Mr. Murchison in the slightest, and I want that understood. Mr. Murchison's position is that he must administer the act under the provisions as laid down. The provisions of the act do not permit the soldier settlement board to write off a man's indebtedness to the figure which his land would bring in the open market. They just cannot do that, and that is what is required. This man goes on to say:

Personally, I'm taking the stand that if the government can afford to take a loss of several thousand dollars to supply Mr. X with a quarter section, I feel that we, the old settlers, should be dealt with on the same terms and do not intend making any further payments until I get a satisfactory answer on how these values were arrived at not only in this case but also in regards to the sale by the S.S.B. of S.W. quarter of Section 11-43-11 west of the 4th which took place about the same time only in this case, the party purchasing same while he also was military exempt in both wars, buys this land, 187 acres with buildings and a well, for $200 or for about one-sixth of the assessed value which in this case was $1,158, as in the previous instance the board took a loss of several thousand dollars.

[Mr. Harkness.]

Mr. Petersen, who writes this letter, is not asking to have his debt forgiven. He says that most of the soldier settlers in his area and other men whom he knows are not asking to have their debts completely forgiven. What they want is a reasonable deal. What they want is a deal as good as that given to the ordinary civilian, as good as that given, according to information, the corrections of which I do not know, to men who actually fought against them in the last war, members of the German army. Those men came to Canada and are able to buy land from the soldier settlement board at a much lower figure than a soldier settler can buy it for himself. That is what these men want. In most cases they are not asking for the total obliteration of debt; they just want a square deal, which they have not had.

I call upon the government, as the hon. member for Nanaimo (Mr. Pearkes) has done, to write into the Soldier Settlement Act provisions which will enable a soldier settler to obtain land held by him for an amount equal to what the land would sell for if taken away and sold to an ordinary civilian.

Mr. HARRIS (Grey-Bruce): I rise simply to apologize to the hon. member for interrupting. I thought the crux of this particular case was the length of time the land was in the hands of the board, and I asked for the date of the quit claim.

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

Mr. TUCKER: I could not answer the questions asked by the hon. member for Yorkton until we were in committee. I have a statement, it is not as complete as I would like. However, I think it will be of interest to the committee.

There were originally 24,793 soldier settlers with contracts. Of that number, 6,635 contracts were terminated either by voluntary abandonment, by notice of rescission by death, or because of domestic difficulties, up to January 1, 1926. From that date until January 1, 1932, there were another 6,244 terminations. Of the original 24,793, there were therefore 12,879 whose contracts were terminated by January 1, 1932. From that date to the present, that is during the past fourteen years, there have been 946 terminations of contracts. Of the 946 terminations, five took place during 1945 and 1946. My hon. friend is interested to know how many of them were voluntary, how many were actually based on rescission, and so on. I am told by the board that it is utterly impossible to provide that information, that during the difficult thirties, parti-

cularly the early thirties, there were so many settlers who could not possibly make a living on some of these farms that they left them and they could not be found to ascertain whether they were willing to give a quit-claim or not, and so to clear up the situation formal notice of rescission had to be given. I understand that many of these were actual cases of abandonment and that a good proportion were quit-claims.

Mr. CASTLEDEN: Does that include the number who gave a quit-claim and then returned and rented the farm?

Mr. TUCKER: It includes the entire number who signed quit-claims. If they entered into a new agreement I could not say for certain whether they are included in the number of those who actually threw up their land. The figures that were most interesting to me were those which showed that during the last fourteen years actually less than one thousand gave up their lands. These figures were quite a surprise to me, that such a large proportion of the rescissions and cancellations took place in the first twelve years of the administration of the Soldier Settlement Act.

Mr. DIEFENBAKER: Were those rescissions?

Mr. TUCKER: Rescissions, cancellations, quit-claims, and so on. There are at the present time 4,276 active accounts, and 6,692 have repaid their loans. That gives a total of 24,793. I am glad that the hon. member asked those questions because I think the committee will be pleased to have the information.

I find it difficult to follow the hon. member for Calgary East in what he claims the director told him, because P.C. 10472, which was in force until March 31 of this year and which our veterans affairs committee recommended be extended until September of this year, must have been in force during all the time to which he referred. That order in council provides as follows:

On or before December 31, 1943—

That was extended later to March 31, 1946.

—a settler as defined by section 2 of the Soldier Settlement Act, 1919, whose agreement with the soldier settlement board or the director of soldier settlement has not been terminated, rescinded or assigned, may

(b) make application to the director for a reduction of his indebtedness to the director, and the treasury board may on the recommendation of the director confirm or reduce such indebtedness, provided, however, that the recommendation made by the director shall be based upon the amount which in his judgment constitutes the present and prospective productive value of the land.

It definitely provides that the price may be reduced. The hon. member will recall that in giving evidence the director said that he had undertaken with the committee that the write-off should be based on 1940-41 land values, which were quite low. The director in answer to a question said this:

I suggest to you, Mr. Minister, that the manner in which that order in council was administered finds its answer in the response by soldier settlers themselves who have benefited under that order. I gave an undertaking to the first committee on veterans land settlement that we would use 1940-41 land values in carrying out these adjustments. As I said in a meeting some time ago that undertaking was carried out right to the letter. I make no secret of the fact that we deliberately discounted 1940-41 values by 15 per cent to make sure that the spirit of the order would be observed.

I can also confess now, and I have no regrets whatsoever, that in many cases we have discounted these 1940-41 values by as high as 50 per cent in exceptional circumstances.

He goes on to speak about the adjustments under the Farmers' Creditors Arrangement Act and further adjustments under this order in council. I take it from his evidence that the very thing was happening which the hon. member for Calgary East says would be satisfactory to members of this house, namely, that values were being written down to below the 1940-41 land values, in some cases 50 per cent below. That was a far better deal than was given to civilians. If my hon. friend says that he will be satisfied if the soldier settlers got as good an arrangement as was given to civilians under the Farmers' Creditors Arrangement Act, I say to him that my understanding is that this order in council was interpreted generously and that the land values were written down under the order in council very much below their actual values in 1940-41, which enabled the settlers in many cases to pay a very small amount to get clear title. That is the understanding I got as a member of the committee, and I can only say that what the hon. member said just now was a big surprise to me. It certainly will be brought to the attention of the director, who will be asked to explain, because if he said what the hon. member says he said he was saying, he was saying that he could not enforce an order in council which he told the committee he was enforcing.

Mr. HARKNESS: If I might say a word or two, it is all very well for a general statement to be made, but when you come to a particular district you find out what is actually being done and how the thing is working out. In the particular district that I have mentioned there are three farms, close to one another. Their assessed value by the municipal assessor was comparable. The assessment of the man I mentioned this afternoon

was higher, but not very much higher, than that of the other two, chiefly because at his own expense he had put up considerably better buildings. As the thing actually worked out, this land was sold in 1943, when land values should have been higher than in 1940-41, at the figure which I mentioned, as nearly as I could determine, and which was not disputed by Mr. Murchison. I think that is evidence in itself that the soldier settler has not been given the deal which you and I and probably many others thought he was being given under the order in council. The land is only worth what it can be sold for in the district on the open market, and apparently all that could be got for these two quarter-sections, according to the director's statement, was $200 and $230 respectively. At the same time the other man's assessment was reduced $500. As I understand it, he owed less than either of the other two men, who had been induced to sign quit-claims and had left the land.

Mr. CASTLEDEN: I want to thank the parliamentary assistant for giving me those figures. In 1942 there was placed on the records of this house, in reply to a question of mine, the following facts with regard to Saskatchewan. I believe there were 6,164 settlers settled in Saskatchewan under the Soldier Settlement Act and at that time they incurred an indebtedness of $25,576,000 in rough thousands. In 1942 there were 2,308 still on the land. I asked for the original indebtedness of the 2,308 still on the land and was advised that the information could not be obtained but that they could give it for the accounts from one office, namely, 730. The figures regarding these are interesting. For the 730 accounts they gave me, the original indebtedness was roughly $2,839,000. Then I asked how much in the form of payments these men had given up to date. For these 730 accounts referred to, the information was that they had made payments of $1,508,000. I asked what was the present indebtedness of these men, and I found that in spite of the fact that they owed only $2,830,000 and they had paid $1,508,000, their indebtedness as at January 1, 1942, was $3,864,000. They were indebted originally in the sum of $2,800,000, had paid $1,500,000 or a little over half, and now they were $1,000,000 more in debt than when they started.

I put these figures on the record so that people can see the type of burden under which these men have been carrying on and the reason why they lost hope, and therefore why special consideration should be given to such people, in view of all the hardships they have gone through. It must have been because of the burden imposed upon them that they found it impossible to carry on. Had they been given an opportunity of paying the debt which they had incurred, and which they wanted to repay during those years from 1936 to 1940, it is quite evident that, if they could pay $1,500,000 up to 1942, they would have paid off the whole thing. What they are now asked to pay represents a burden of $1,000,000 more than that with which they started; that is, speaking of the 730. That is an example of what I mean when I say that this sort of thing requires special consideration at this time. Had they been paying off in ordinary times, their indebtedness would have been more than paid.

Mr. TUCKER: What page is the hon. gentleman referring to?

Mr. CASTLEDEN: I will send a copy to the minister. It was tabled in 1942. That is the basis on which we make our request. It is not a matter of political pressure, as the hon. member tried to imply last night. It is a matter of seeing that justice is done. These men do not ask for a hand-out; they are asking for a square deal. Certainly, after what they have done, they are entitled to such a deal and their case should be taken into consideration.

Mr. FAIR: Last evening my time had expired before I was able to conclude my presentation of the subject and I should like now to continue it. I wish to refer to page 1007 of the minutes of proceedings and evidence of the special committee on veterans affairs of Tuesday, June 18, when the following resolution was proposed by the hon. member for Weyburn (Mr. McKay):

> That all soldier settlers who took up land under the soldier settlement board be granted clear title to such lands as of March 31, 1944; that clear title be also granted to the widows, children, or dependents of such soldier settlers; and that in the case of veteran settlers who have been dispossessed of their lands during the period between September 3, 1939 and March 31, 1944, either by quit claim or by eviction, such lands be restored and clear title granted to the settler, or adequate compensation made to him.

Immediately after this the Minister of Veterans Affairs had this to say, as reported at page 1009:

> Mr. Chairman, I should like an opportunity to say a word. Speaking on behalf of the government, we are definitely opposed to this clear title suggestion for several reasons, and I will state them very briefly and very succinctly. In the first place, the concession of $2,320 given the settlers under the present act is not equal to the various repeated concessions that were given to the old soldier settlers after 1919.

My reply to that argument is that the concessions given to the settlers under the soldier settlement board can never compensate for the disadvantages under which they were placed. By that I mean that when the settlers bought the land, live stock and equipment, wheat was worth from $2.50 to $3 a bushel, milch cows from $125 to $150 apiece, and work horses, which most of the settlers used at that time, were worth from $350 to $400 a team. Shortly after that, however, the price of wheat had dropped away below the dollar mark; the price of milch cows was $25 each, and you could get all the horses you wanted at $25 each. At the same time the interest of five per cent on current accounts and seven per cent on arrears went on and was carried on the books against these farmers. So that the concessions which were granted would not compensate for the differences in valuation, over which the government had complete control if they wanted to exercise it. Going on, the minister said:

I admit with my friend that prices were too high. I admit that the interest rates were too high. But concessions were made, and I think that the suggestion contained in the amendment is absolutely unfair and inequitable. It is not fair to the boys who have paid up and who are paying up to-day in advance. They are paying up hundreds of thousands of dollars in advance, the old soldier settlers, the men who have really worked and are working upon their farms.

That statement, I suggest, is too small for a big man like the Minister of Veterans Affairs. I find in it the insinuation that the fellows who have not yet paid their debts are not working as hard as they should. Well, as one who has lived under similar conditions and who has pleaded before for these men, I can say that they work from twelve to sixteen hours a day, work harder than any of us around here have ever worked in our lives and under worse conditions, and they were much more poorly fed than a number of us who are here. Continuing, the minister said:

If you give clear title to the men who have not worked so hard, you are working an injustice upon the fellows who worked hard upon their farms.

In answer to that, I would say that you are imposing just a little less injustice upon the fellows who would receive clear title than those who have already paid. By giving clear titles as of March 31, 1944, you will be easing up a little on the hardship that has been inflicted upon them during the past twenty-seven years. To continue with the minister's statement:

Secondly, you are wrecking the whole system of administration under the present Veterans Land Act if you are going to give clear title to the old soldier settlers.

Mr. McKay: Oh, no.

Hon. Mr. Mackenzie: Oh, yes, you are.

Mr. McKay: In what respect?

Hon. Mr. Mackenzie: You are held up in this case because they may not struggle so hard upon their farms with the hope that the same thing will be done for them that you are suggesting to-day should be done for the old soldier settlers, or a few of them who did not do so well upon their farms, possibly not through any fault of their own. I am not suggesting that for one second.

Thirdly, in your own province, sir, the legion last year at the provincial convention turned this proposal down cold in Saskatoon; and they, I think, are friends of the soldier settlers. For these reasons I think this committee should turn down the suggestion.

I was not at the Saskatoon convention. I do not know the officers of the legion in the Saskatoon area, but I happen to know personally some of the men who belong to that organization, and I feel quite satisfied that if they were given the true picture which we have given here from this side of the house and the other side of the picture from the government side, the men would be in a position to come to a fair decision. If that were done I am sure it would be entirely different from that given by the minister.

A little further down the minister had this to say:

Mr. Chairman, I should hate to intrude upon the discussion unduly, and I appreciate very strongly, as much as anyone in this committee, the sentimental appeal of those who have advocated this principle. But this principle will destroy the administration of the land settlement of veterans of the present war. I am convinced of that, and I am charged with a certain amount of responsibility in that. In the first place, there was a revaluation of the land prices mentioned by my friend, Mr. Wright. There was a revaluation time after time of the stock and equipment of the soldiers of the old war. The old soldier settlers are paying up to-day not only their actual debts but they are paying up by prepayments, hundreds of thousands of dollars, upon their settlement. There are only three hundred settlers in Canada who have asked for this concession, which means the destruction of a principle. I will not, as long as I am in charge of the administration, stand for the destruction of that principle; that is fair and clear.

I think that argument can be easily taken care of. On different occasions I have pointed out, particularly since the last war broke out, that much pressure has been brought to bear on the settlers. I also pointed out that the sons and daughters of many of these settlers have gone overseas and sent home part of their pay, and in some cases dependents' allowances have been awarded to parents. In many cases children of the veteran settlers went to work in war factories and collected good pay, and in order that their old folk might be protected in their declining years—and many of them have only a few to enjoy

anyway—they sent home their money with which, along with all the pennies which the old folk could scrape together, the settlers have made these payments and prepayments. Many of us do not realize the anxiety facing these old people. Many of them are afraid of having the sheriff at the door. Quite a number of them have had that experience. They have had the experience of collectors coming around year after year, and in some cases the sheriff as well.

These people had money to spare because they were not able to buy machinery; they were not able to hire the help they needed; they could not buy materials which they should have had for their buildings. If one went around their farms and looked at their buildings, their homes, their farm equipment and their live stock he would see what I mean. I think he would agree that much of the money which has been paid in as advance payments, and which was advanced by the minister in his argument that clear titles should not be granted, should have been spent in building up the homes, farms and equipment of these old settlers.

The minister said that only three hundred settlers in Canada have asked for this concession. I pointed out last night that the petition was circulated, and I believe the minister obtained his figures from that petition. Incidentally I should like to know what it cost the soldier settlement board to get that information, to peruse the petition, to look over the names and find out who was asking for it. I wonder whether it did not cost more than $2,000 to obtain that information for the minister. We have not heard anything in the press about that. That may be worth while investigating in the Department of Veterans Affairs when they have the time to spare.

The petition was not circulated through all sections of the prairie provinces where most of these settlers are located. I pointed out that no pay was given to anybody; that those civilians and veterans carried the petition around over snow-blocked roads during the winter months and did not have the time thoroughly to cover the country. Had they had that time, I am quite satisfied there would have been a large number of settlers' names on the petition than the three hundred mentioned by the minister.

Later on, the minister said:

> It is my duty to point out to the committee that the equity granted in varying ways at varying times to the old soldier settlers is $2,800 up to $4,000, and in some cases up to $6,000 instead of $2,320 under the present act.

If these amounts had been granted, then I say shame to any administration which would stick any settler with debts of that kind, if it was necessary to make up the $6,000 reduction.

It would appear that no opportunity was given to the committee to vote on whether or not clear titles would be granted, because we find the following at the bottom of page 1006:

> Mr. Harris: Mr. Chairman, there seems to be a certain reluctance on the part of members present who have spoken in favour of this cancellation of the indebtedness to speak up at the moment.

If that remark did not appear I might have suggested that perhaps the members did not feel that they had full opportunity to vote; but Mr. Harris pleasantly took care of that for me. He went on to say:

> My own views on the subject are well known. Therefore I move that this committee recommend that the period for applying for a write-down be extended to 1st September and that otherwise the committee take no action.

That had a negative effect on the motion. Before that amendment was carried a subamendment was moved by the hon. member for Melfort (Mr. Wright), which reads as follows:

> Mr. Wright: I wish to move a subamendment to the last amendment that the words "that otherwise no other action be taken" be struck out and that it read that an equity equal to that granted to the soldiers of the present war be granted to those applying for a write-down.

That subamendment was seconded by the hon. member for Acadia (Mr. Quelch). When the vote was taken we find that the hon. member for Winnipeg South (Mr. Mutch) was the only member on the government side who voted in favour of the subamendment. However, because of the mustering of the reserves the motion was voted down. The recorded vote can be found on page IV of the minutes of proceedings of that day. I am not going to take the time and trouble to place on record the names of the members who voted for or against the subamendment as I have already placed on record the names of those who attended the meeting, and all government members except the hon. member for Winnipeg south voted against.

May I now deal with the request of the delegation of the soldier settlers? These men left here on May 7 with the expectation of having some favourable word sent to them either by wire or by air mail that something worth while was being done. I know they felt disappointed when the result of the committee's vote was transmitted to them. Personally I am disappointed and I believe that many hon. members, including members on the government side of the house, are also disappointed.

For some time I have had a resolution on the order paper, and I may say that at the next session I intend to place on the order paper another resolution which will have the same effect. I had intended to place this resolution back on the order paper, but because it contains certain statements which perhaps are not agreeable to the government I am not permitted to do so. However, I shall have another one prepared which will have the same effect. The resolution which I had on the order paper reads as follows:

Whereas veterans of great war I who settled on land under the soldier settlement scheme as well as their wives and families, have in many instances suffered severe hardships because of purchase of land, live stock and equipment at inflationary prices, and low prices received for farm products brought about by lack of adequate policy for agriculture;

And whereas we are now embarking on another land scheme for veterans of the present war, under a government policy that does not guarantee cost of production, the success of which scheme may be jeopardized by the apparent failure of the former soldier settlement board scheme.

Therefore be it resolved,—that, in the opinion of this house, the government should take into consideration the advisability of giving clear titles to all soldier settlers who on March 31, 1944, held land under contract with the soldier settlement board.

This resolution was discussed on October 1, last, the first time we had a private members' day since the outbreak of the war. By means of a prolonged argument, including family allowances and other matters, the debate on the resolution continued until eleven o'clock and then it was sent to the committee. I am disappointed in the findings of that committee.

In conclusion, I wish to say that I, and the old veterans, do not ask for one cent of charity. I believe Canada owes those men a debt of gratitude as well as a square deal in connection with the land, live stock and equipment they have bought. They have asked for simple justice, nothing more and nothing less, and I believe they are entitled to it. Simple justice should be placed before monetary values or anything of that kind. There were 25,017 settlers placed on the land, and the average credit extended was $4,358.40. As of March 31, 1944, some 6,153 settlers, or 25 per cent of the original number, were still on the land with an average debt of $1,254, which represented 29 per cent of the average loan, after twenty-five years of heart-breaking work which would not have been necessary if a proper economic system had been organized and the affairs of the country properly managed. After twenty-five years some 4,130 settlers, or 16 per cent, have secured title. That is quite a record. The rate of interest of five per cent on current account and seven per cent on arrears should never have been charged anyone in this country. If we would only take the trouble to study the source of money and the backing of money I think we would agree that these things should not be allowed. Some day sooner or later, perhaps too late, this will have to be changed.

Under the Veterans Land Act the maximum loan available for full-time farming is $6,000 at 3½ per cent. Here again, I believe the rate of interest is too high, particularly when we consider the fact that only a short time ago we made a loan to Great Britain on which no interest is to be paid until 1951, after which the interest is at the rate of only two per cent. Do we owe our own men as much as we owe Great Britain? I am not opposed to the loan to Great Britain, but I say we should extend to our own war veterans the same rate or an even better rate. Again, many of the men coming under the Veterans Land Act are sons of veterans of the first great war. Why should they receive preferred treatment? Why should the old veterans not receive treatment as good as that being given their sons at the present time? If a settler takes full advantage of the credit extended under the Veterans Land Act he may get a clear grant of $2,320 on certain conditions, which is equal to 39 per cent of the total credit extended. At the end of March, 1944, the average debt of the old settlers was 29 per cent of the original amount. I do not think we are asking anything out of the way when we ask that this be wiped out. These men are all Canadians. I am not dealing with them as Liberals or Conservatives or supporters of any political party. I am dealing with them as Canadians, men who went overseas to save Canada.

Some of these men failed because they were entirely unsuited to farm life. They paid far too much for their land, live stock and implements. In some cases they were given land in dry or frost areas. At the time they bought their land prices of agricultural products were high. They paid high prices for the land and implements, which in many cases deteriorated until they were worth only ten per cent of what they cost when the deals were made. It has been admitted by the former minister of mines and resources that this was a hastily improvised scheme. From the information we have obtained and from the results we have seen, I do not think we could disagree with that statement by Hon. T. A. Crerar. It was intended as a rehabilitation measure, but actually it turned out to be a way of persecuting our old soldiers. At present the average age of the settlers is nearly sixty, and we find some still operating at eighty years of age and over. Take any

member of this or the other house sixty or seventy years of age; put him on a poor farm, with poor equipment, with some debt to carry and an uncertain market for his products. He will find out just how he feels about it. I think we can use our imagination a little along that line. If these men could not pay off their debts in twenty-five years, covering the prime of their lives, how can we expect them to pay up now? Again let us use our imagination. Some of these old fellows will be over a hundred years old by the time the twenty-year extension of their contracts will expire, and I do not think we are going to have very many of them around at that time. As I have pointed out already, they are in need of better homes, better buildings, better equipment and some of the comforts of life, as well as medical and dental care.

As I pointed out earlier, the treatment we are giving the old veterans will have a detrimental effect on the settling of young men under the Veterans Land Act, because any man who sees his father threatened with eviction will wonder whether he should undertake a contract and also run the risk of being kicked out on the road after a certain time. Again—and this is a point I brought up on another occasion—we sold land to the old soldier settlers at values based upon prices of farm products at that time. When those contracts were made no clause was written into them providing that prices of farm products would remain at that level until these debts were paid off. This is one reason why the present Veterans Land Act may also fail; and when the proper time comes to discuss that matter I am going to suggest again that a clause be written into the contracts guaranteeing these men the same prices for the products they raise, whatever they may be—wheat, live stock or whatever it is—until the contracts are cleared up. The settler is bound by contract, and I think the government should be bound in exactly the same manner. Surely that is not asking too much.

There is one more reason why we might claim this write-off, or adjustment or settlement, call it what you will as long as we get the result. Only yesterday we were told that a million dollars or more would be written off homes now being built for veterans of the last war, even before they have moved in. That is one more argument to support our claim. The cost of collection has been given as $100,000 a year. I should like to see audited figures bearing out that statement, because I do not believe it is correct. If it is accurate, why did it cost an average of $1,100,000 a year during the first twenty-five years this scheme was in operation? Where did the waste come in, and where is it coming in at the present time?

We believe the resolution on the order paper at the present time precedes a bill that will be final as far as the old settlers are concerned. We are not satisfied with it. I do not think many hon. members on the government side are satisfied with it, and I am sure all the members of the opposition are dissatisfied. As I suggested in beginning my presentation yesterday, I should like to see this resolution withdrawn and another brought forward preceding a bill that would give clear title to all the old settlers who had contracts with the board at the end of March, 1944. I am sure that would receive the unanimous support of the house. If there is some influence outside parliament opposing this, I think we should be able to dispose of it. In my opinion we owe a debt of gratitude to the men with whom we are dealing at the present time. The government should certainly see to it that the promise made by the Right Hon. Sir Robert Borden in 1917 to the Canadian expeditionary force should not be dishonoured, even though this government is not of the same political stripe as was that right hon. gentleman.

Mr. LENNARD: I do not propose to hold up matters this afternoon; but, following the debate, one might be led to believe that this hardship was experienced only in western Canada. I wish to dispel that thought, because I know of many cases in Ontario. I have one in mind particularly respecting a young man who was buying a piece of property for $2,800, but who fell behind in his payments, with the result that a quit-claim was executed. Later, that land was sold by the department to a private individual for $1,400, just half the amount the veteran was supposed to have paid for it.

Resolution reported, read the second time and concurred in. Mr Mackenzie thereupon moved for leave to introduce bill No. 199, to amend the Soldier Settlement Act.

Motion agreed to and bill read the first time.

VETERANS AFFAIRS

ENTITLEMENT OF CERTAIN WOMEN'S SERVICES TO REHABILITATION BENEFITS, ETC.

Mr. W. A. TUCKER (Parliamentary Assistant to the Minister of Veterans Affairs) moved that the house go into committee to consider the following resolution:

That it is expedient to present a bill to provide that the members of the women's royal naval services and the South African military

nursing service shall be entitled to the rights, privileges and benefits enjoyed by Canadians serving in His Majesty's forces other than Canadian forces during world war II under the Veterans Land Act, 1942, the Veterans Insurance Act, the Veterans Rehabilitation Act, the War Veterans Allowance Act, 1946, the Reinstatement in Civil Employment Act, 1942, the Civil Service Act, the Pension Act, the Income War Tax Act, the Department of Veterans Affairs Act and the War Service Grants Act.

Mr. BROOKS: Would the parliamentary assistant give an explanation?

Mr. TUCKER: Mr. Speaker, the purpose of this measure is something with which I am sure all hon. members will be in agreement. It was found that Canadian girls who went into the women's royal naval services actually had not the same rights as if they had gone into the branch of the air service in Great Britain, or the branch of the army. By some ruling of British law the women's royal naval services were not actually part of the military forces of Great Britain, and for that reason they did not get the benefit of the act which conferred rights on Canadians who went into His Majesty's forces, other than Canadian forces.

The purpose of this measure is to give to Canadian girls who were domiciled in Canada at the time they entered the women's royal naval services the same rights as if they had gone into a similar branch of the army or air force, namely all the rights of anyone who went into His Majesty's forces, other than Canadian. Those rights are set out in the resolution. Any rights which are given to them by British law will be supplemented up to the level they would have had, had they been in the Canadian forces. That is set out in the resolution as rights which they will have under the Veterans Land Act, 1942, the Veterans Insurance Act, the Veterans Rehabilitation Act, the War Veterans Allowance Act, 1946, the Reinstatement in Civil Employment Act, 1942, the Civil Service Act, the Pension Act, the Income War Tax Act, the Department of Veterans Affairs Act and the War Service Grants Act.

The same is true in regard to Canadian girls who went into the South African military nursing service. It was found that under South African law they were not members of His Majesty's forces of South Africa; so that they did not get the benefit of our legislation which conferred these rights on those who went into His Majesty's forces, other than Canadian forces.

The purpose of this bill is to give Canadian girls domiciled in Canada, who went into the South African military nursing service, or who went into the women's royal naval services the same rights as if they had gone into an actual branch of His Majesty's forces, other than Canadian forces. It will put them in that position. The matter has already been covered by order in council, so far as the South African military nursing service is concerned. It was passed after a resolution recommending it by the veterans committee of the house.

The provision respecting the women's royal naval services has not been brought into effect, and will become effective only after this bill has been passed by parliament, and becomes law.

Might I emphasize that the order in council respecting the South African military service requires domicile and residence in Canada at the time of going into this service. The bill will require only domicile at the time of entering the service. In order to get the rights they must have domicile and residence at the time of applying for these rights. In other words, they must come back to Canada.

The only other matter which perhaps I should mention would have reference to Canadian girls who went into the voluntary aid detachment, who served in Red Cross work overseas or who served in the St. John Ambulance Corps overseas. The problem of what should be done in connection with these people was referred by our committee to a subcommittee of that committee. A study is being made, and the recommendation by the subcommittee will be considered shortly, I hope, by the main committee, at least when an opportunity presents itself. I can say, too, that the matter is receiving the active study of the government. It has not been overlooked, but is a matter the solution of which requires some time.

I hope that this bill which gives these rights to Canadian girls will meet with such unanimity of support that perhaps we might advance the measure some considerable distance this afternoon.

Mr. A. J. BROOKS (Royal): Mr. Speaker, I agree with what has been said by the parliamentary assistant, namely that this bill simply carries out a matter of justice to these two branches of the services, namely the Wrens and the South African nurses.

It does not concern very many people; I believe there were only about fifty Wrens concerned, and about 298 South African nurses. Had it not been for a technicality, both the Wrens and the nurses would have been members of His Majesty's forces. The South African nurses were recruited in Canada at the request of the Canadian government and sent to South Africa to assist our sister dominion. The report from South Africa is

that they did splendid work, and there is no reason why they should not be treated the same as nursing sisters who served in other parts of the world.

There is one matter I should like to raise in connection with the Pension Act. I should like to know if it is intended to amend this act in order to extend the insurance principle to the South African nurses? Perhaps the parliamentary assistant can give me my answer later on. I brought up this matter in the committee and at that time the minister said that he thought it would be looked after. However, we did not have a definite answer. There was also considerable anxiety among committee members as to whether the Red Cross, the V.A.D., the St. John Ambulance Corps, the merchant marine, the firefighters, the auxiliary services and others would receive consideration. The committee did not feel like recommending this bill until they had some assurance that these other people would be looked after. As the parliamentary assistant has said, bills are being prepared to cover the firefighters and, I believe, the auxiliary services, while the V.A.D., the Red Cross, the St. John Ambulance Corps, the merchant marine and others are being considered by a subcommittee of the veterans affairs committee and we have the assurance of the minister that their cases will be given every consideration.

Mr. TUCKER: That is correct.

Mr. BROOKS: That being the case, we are in accord with this bill which will follow this resolution now being presented by the parliamentary assistant.

Mr. D. K. HAZEN (St. John-Albert): Mr. Speaker, I should like to inquire about Canadian nurses who enlisted for service in South Africa. Some of these nurses have complained to me that they did not receive the remuneration they were told they would receive when they enlisted for service in South Africa. After they had entered into the agreement, and even while some of them were on the boat, they were told that while they would receive the amount they were told they would receive, it would be subject to certain deductions. The hon. member for Royal (Mr. Brooks) has said that these nurses were recruited by the Canadian government.

Mr. ABBOTT: That is not accurate. These nurses were not recruited by the Canadian government; they were recruited by the South African government, and the Department of National Defence acted as agent for the South African government in presenting the conditions of service and in arranging for the enlistment of these young ladies.

[Mr. Brooks.]

Mr. BROOKS: Indirectly.

Mr. ABBOTT: It was not indirectly. The Canadian government did not recruit them and their enlistment was neither at the desire nor request of nor on conditions laid down by the Canadian government.

Mr. HAZEN: I understand from the minister that the Canadian government acted as agent for the South African government?

Mr. ABBOTT: That is correct.

Mr. HAZEN: To put it mildly, there was a misunderstanding about the matter and these Canadian nurses did not receive the payments that they understood they would receive. It seems to me that as a matter of equity they are entitled to receive what the South African government agreed to pay them and what they expected to receive. No doubt some of these complaints have come to the attention of the Minister of Veterans Affairs and I should like to ask his parliamentary assistant if they are being considered and if the bill that is to be brought in will remedy what these people think is an injustice.

Mr. SPEAKER: I would call the attention of hon. members to the rules which state that the proper place to ask questions of the parliamentary assistant is in committee.

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

Mr. KIDD: If no legislation is to be brought down this session to take care of the Red Cross workers, then I want to impress upon the committee the importance of giving consideration to these people. The question of Red Cross nurses was brought up last fall, and I brought it up in the committee on veterans affairs on April 5. This resolution was introduced on April 12. The hon. member for Vancouver North followed me and he tried to impress upon the committee the importance of giving consideration to the members of the St. John Ambulance Corps.

I do not think this resolution goes far enough. Will these people be considered this session? I would emphasize the fact that these girls signed attestation papers and they were discharged in the regular way. Girls who attended universities and schools last fall and finished the term are being denied the recognition that is given to others.

Mr. TUCKER: Mr. Chairman, the hon. member for Royal asked whether girls who entered the South African nursing service would have the benefit of the insurance principle. I think everybody in the committee wanted them to have that benefit, but the question that arises in connection with this

matter can be placed quite easily before this committee. The purpose of this legislation is to bring the benefits up to a level of those given to people who served in the Canadian forces. For example, a person who served in the forces of the United Kingdom would, if his entitlement were approved by the United Kingdom, have his pension rights brought up to the same level as though he had served in the Canadian forces. In the first instance, because the service documents and everything else that has to do with the matter are in the possession of the United Kingdom government, the matter is left to them for a ruling whether there is entitlement or not. After they have made a ruling for entitlement, we supplement the payments. It has been brought home to us that the system has worked satisfactorily. Since the first great war there has been great harmony and cooperation between the representative of the British pension ministry in Canada and our own pension commission. They point out that that is probably the only way to handle it, because the British pension people have to rule on entitlement in the first place.

Mr. BROOKS: This has to do with South Africa.

Mr. TUCKER: I am coming to that. If the British authorities gave a ruling which did not satisfy the applicant and a separate application to the commission was possible, our pension commission would become a sort of appeal board from the British pension authorities. They say that if we do not follow the same principle in regard to the South African nursing service, namely, leave it in the first place to South Africa for a ruling, the same difficulties will arise. They further point out that if we did not leave it in the first instance for a ruling by the South African authorities we would be introducing a precedent that might cause difficulty in carrying on as satisfactorily as we have done in connection with those who served in the United Kingdom forces. The matter can be further discussed in committee on the civilian pensions bill. I must say that it looked to me as if it would be a difficult thing to do otherwise than as suggested. However, the door is not closed. But it is a matter of difficulty.

The hon. member for St. John-Albert brought up the question of the benefits the South African nurses expected to have received while serving. Of course this bill deals with them only at and after their discharge, so that I hope he will not mind if I suggest to him that he direct his shafts in some other direction.

Mr. HAZEN: I was asking if it had been brought to the attention of your department.

Mr. TUCKER: It may have been. There are so many things come in that I would not want to say that it has not, but I have not it very clearly in my mind that it has. At any rate, if it did come in, I would pass it on probably to the Department of National Defence.

In regard to what the hon. member for Kingston City has mentioned, I can only repeat to him what I said at the start. The veterans affairs committee has still eleven bills to consider. It has a very heavy task ahead of it. For that reason we referred the question of the Red Cross nurses, the V.A.D.'s and the St. John Ambulance workers and other people who were not actually in the armed services, including the fire fighters and supervisors to a subcommittee of our committee for study. They are studying it and are, I understand, on the verge of making a report. I think I can say to him, and he will bear me out in this, that the committee will try to get through all the work it possibly can before prorogation. That is all I can say about the matter. The order in which the work will be taken will be decided by the committee itself. If we can get through all the work we shall certainly make some recommendation in regard to these Red Cross nurses, V.A.D's and St. John Ambulance people. It is just a matter of what we can physically do. If we can possibly do it, I can assure him that the committee will consider the matter and make a recommendation.

Mr. KIDD: I hope the parliamentary assistant will realize that there is a hardship on these nurses who have attended schools and universities on the understanding that they will be granted the same conditions. The fall term is coming along and they have to pay their own fees. I hope the minister realizes the seriousness and importance of the matter to these girls.

Mr. MacNICOL: Everyone seems to be in favour of the principle. May I ask how many girls are involved?

Mr. TUCKER: There is no certainty as to the exact figures, but I think there are approximately 300 in the South African nurses group and from fifty to sixty in the women's royal naval services group.

Mr. CASTLEDEN: I think the lack of debate reveals general agreement on this resolution. I would point out, however, that it includes only the women's royal naval services and the South African military nursing service. It has been intimated that later on

other groups will be brought in. There is already on the order paper a resolution to bring in a bill for the benefit of the fire fighters, but the acts under which these groups are going to benefit are not set out on the order paper. Will there be some difference between the treatment of the firefighters and these other auxiliary services?

Mr. TUCKER: The committee made a recommendation in regard to the firefighters and supervisors. Then the government decided to introduce legislation in regard to these two groups. Various members of the committee then pointed out that in their opinion the nurses who served in the Red Cross and in the St. John Ambulance Association were just as much entitled to consideration as the firefighters and supervisors, and that if we went ahead with legislation for the firefighters and supervisors it would lead to a debate as to why these other groups should not be included. So that the whole matter was referred to a special committee for study and report to the main committee. The understanding was that in the meantime, until a decision was arrived at in the light of the report of the subcommittee by our main committee, the government would not proceed with its bill for the firefighters and supervisors. That is why they are not being proceeded with although they are on the order paper for the resolution stage of course.

Resolution reported, read the second time and concurred in. Mr. Tucker thereupon moved for leave to introduce bill No. 200, respecting benefits for those serving in the women's royal naval services and the South African military nursing service.

Motion agreed to and bill read the first time.

ROYAL CANADIAN AIR FORCE ACT

PROVISION FOR AIR CADET SQUADRONS

The house resumed from Monday, May 20, consideration in committee of bill No. 57, to amend the Royal Canadian Air Force Act—Mr. Gibson (Hamilton West)—Mr. Golding in the chair.

On section 1—Short title.

Hon. COLIN GIBSON (Minister of National Defence for Air): This bill was considered on May 20 and a good deal of discussion took place on that occasion. Since that time, a similar bill has been passed to provide for the naval cadets, and this contains much the same provisions in relation to the Royal Canadian Air Force. It is a very similar measure, providing for air cadets, and I hope that it will be possible to get it through to-day.

[Mr. Castleden.]

Mr. MacNICOL: Will the ages be the same as in the bill introduced by the minister's colleague?

Mr. GIBSON (Hamilton West): The age limit is from fifteen to eighteen inclusive.

Mr. MacNICOL: I believe the other was from sixteen to nineteen.

Mr. ABBOTT: From twelve to nineteen.

Mr. SKEY: I wish to ask the minister one or two questions. The first has to do with the administration or direction of air cadets. I understand that the sea cadets are directed almost entirely by the sea cadet league and supervised by the naval service, but that the air cadets are directed to a large extent by the R.C.A.F.

Mr. ABBOTT: I was not paying attention. Did I understand the hon. member to be addressing his remarks to me? If so, will he repeat what he said as to the manner of handling sea cadets.

Mr. SKEY: I was speaking of the direction of the sea cadet movement, I believe the navy league have greater power and authority than the air cadet league. From my own knowledge of the subject, I believe this to be the case. I feel that if the air cadets are to progress, as we all want them to progress, and to be a strong and thriving body in peace as they were in war, they are faced with a problem of direction that calls for solution. I refer particularly to the dual authority from which they have suffered during the war years, one authority originating in the service with air cadet league liaison officers and the second authority originating with the provincial governments and their departments of education, which should have a certain amount of jurisdiction over air cadets in school squadrons. I would ask the minister to define for us the powers of the service, the R.C.A.F., the air cadet league and the provincial departments of education with regard to the cadet squadrons we propose to continue in peace.

Mr. GIBSON (Hamilton West): The distribution of authority as between the R.C.A.F. and the air cadet league was set out in the various letters written by the Minister of National Defence for Air in 1942, dealing with the division of authority between the two bodies. The Minister of National Defence for Air approves the formation of air cadet units, prescribes qualifications as to medical fitness, and appoints such persons as may be necessary or desirable to commissions in the Royal Canadian Air Force for the purpose of serving as air cadet instructors. He prescribes the terms and conditions under which air cadets may be

provided uniforms, provides for medical care and hospitalization for air cadets undergoing training at camps, prescribes a course of training for air cadets and for instructors and officers.

The league is responsible for maintaining headquarters at Ottawa to assist the air force and encourage, by publicity and other means, the formation of air cadet units, subject to the concurrence of the minister, and makes such recommendations of suitable persons to serve as officers in the units and for appointment to His Majesty's commission, also as to promotions or retirements, and to enrol as air cadets such lads as are desirable for the units which have already been authorized. The air cadet league also looks after the award of trophies, badges and other awards considered suitable, and administers all funds received by the league.

Mr. McKAY: What provision is made for uniforms and for equipment for the air cadet squadrons?

Mr. GIBSON (Hamilton West): Up to the present the cadet squadrons have received a clothing allowance and also maintenance allowance of $1.25 a year to maintain uniforms. Consideration is being given at the present time, in negotiations with the league, for changing that provision and having the uniforms provided by the R.C.A.F., the units to be responsible for maintaining them.

Mr. SKEY: I have no desire to hold up the passage of this measure, but I thought we should hear from the minister regarding one or two points and perhaps the committee might sit a few minutes after six o'clock. I wish to repeat my question because I feel that the very survival of the air cadet corps depends on the manner of direction, and if authority is to be divided between the R.C.A.F. the air cadet league and the provincial departments of education there is this difficulty, that they have to agree with everybody and there will be confusion. There will be no singleness of command. I suggest that a clear chain of command is most essential to the survival of the air cadet league and the squadrons in the way in which we wish them to continue.

I would also put to the minister a question which I asked the Minister of National Defence. That question was: Is the inter-service cadet committee considering standardization of pay and allowances and uniform conditions of service and commission for all three cadet corps, or are they all handling their own organizations and conducting them by different means?

Mr. GIBSON (Hamilton West): At present they are all operating separately under the guidance of the three defence departments, but the inter-service cadet committee was asked recently to make recommendations as to the conditions of service and regulations applying to the various cadet corps so as to provide as far as possible for the same treatment as between the army cadets, the navy cadets and the air force cadets, but all will receive approximately the same support as far as that can be arranged.

Mr. MacNICOL: I attended the annual meeting of the navy league which was held some time ago, and the matter was mentioned up there. I have forgotten what was said on that occasion. I have a friendly feeling for the proposed air cadet corps, but my memory is—and I am not clear on just what was said—that there should be no rivalry between the sea cadets and the air cadets. Is the minister able to tell us the number of air cadets in Toronto and at other similar points? Without passing judgment on this matter, because I have nothing tangible in front of me, will there be any conflict in the method of organization of the air brigade or corps, or whatever it may be called? Will there be a voluntary band of men and women behind this organization, such as is behind the navy league?

Mr. GIBSON (Hamilton West): It is already in being; this is not new. The air cadets were formed in 1940, but they were operating under the War Measures Act. It is now necessary to provide a bill in order that their future may be assured. At the present time the air cadets have about 289 squadrons throughout Canada. They plan to maintain a strength of about 15,000 air cadets in time of peace. That is about the same number as the navy has under contemplation.

Mr. MacNICOL: I am not going to oppose this bill, because I realize that a development along this line would likely have the same beneficial effect on the young people as the navy league has had. It would train them to love the air service, to be young gentlemen, to be civil and courteous, to be active and to attain the other characteristics which go with the training in any well organized youth organization.

Section agreed to.

Section 2 agreed to.

Bill reported, read the third time and passed.

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

Thursday, June 27, 1946.

The house met at three o'clock.

VETERANS' QUALIFICATIONS

TABLING OF THIRD REPORT OF COMMISSION

Hon. HUMPHREY MITCHELL (Minister of Labour): Mr. Speaker, I desire to lay on the table the third report, which is also the final report, of the royal commission on veterans' qualifications. Included are two supplements of the second report which was tabled last session, on October 19, 1945. The third report and the two supplements are the result of sittings held in the province of Quebec during January and February, 1946.

NATIONAL WAR LABOUR BOARD

RESIGNATION OF MR. JUSTICE M. B. ARCHIBALD AS CHAIRMAN

Hon. HUMPHREY MITCHELL (Minister of Labour): I wish to table copy of order in council P.C. 2583 of June 25, 1946, by which the governor general in council accepts the resignation of Mr. Justice M. B. Archibald as chairman of the national war labour board. After more than two years in that position Mr. Justice Archibald felt it necessary to relinquish it in order to devote his whole time as a member of the Nova Scotia supreme court.

I take this opportunity of paying warm tribute to Mr. Justice Archibald for the conscientious, able and wholly valuable manner in which he has filled a very difficult position. The administration of the wartime wages control order has not been easy, calling for a combination of fairness, good sense and understanding of the vital importance of economic stabilization. In every way Mr. Justice Archibald measured up to the qualifications of the position. I am sorry to see him go, but felt I could not press him to remain after giving so much of his time and energy.

Mr. C. A. L. Murchison, secretary of the national war labour board, has been appointed vice-chairman, and we shall carry on with alternate chairmen, Mr. Justice D. A. McNiven, Regina, and Judge J. C. A. Cameron, Belleville.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

MILITARY WOOLLEN UNIFORMS

Mr. LOW:

Are military woollen uniforms being manufactured in Canada at the present time for shipment to foreign countries? If so (a) for which countries are they being produced; (b) how many are contracted for each country?

[Mr. MacNicol.]

Mr. MAYHEW: The wartime prices and trade board has investigated and finds that no military woollen uniforms for shipment to foreign countries are being manufactured in Canada.

QUESTIONS PASSED AS ORDERS FOR RETURNS

FISHERIES RESEARCH BOARD

Mr. REID:

1. What have been the total expenditures in each of the fiscal years 1935 to 1945 by the fisheries research board?

2. What was the number of permanent and non-permanent employees of the fisheries research board in the fiscal year 1935, and in in each year up to 1945?

3. How many scientists have been employed by the said board in each of the years 1935 to 1945?

DISTRICT AND COUNTY COURT JUDGES

Mr. DIEFENBAKER:

1. (a) How many judges in the district or county courts who have resigned from the bench are now in receipt of annuities under section 26 of the Judges Act; (b) what are their names and present addresses?

2. (a) How many judges of the district or county courts now living resigned after thirty years in office; (b) what are their names and addresses?

Mr. ST. LAURENT: To answer this question requires a long list of names and addresses, of which I have given a copy to the hon. member for Lake Centre. Perhaps the question might be made an order for a return, which I now table.

BONDING OF GOVERNMENT EMPLOYEES

Mr. REID:

1. What is the number of government employees bonded or covered by insurance for the faithful performance of their duties?

2. What is the number in each department?

3. What is the annual cost of such insurance??

4. With what firm or firms is such insurance carried?

5. Has any claim been made by the government during the past ten years for default of any employee covered by such insurance?

6. If so (a) were any such claims made good by the companies carrying the insurance; (b) what sums were received by the government for default of any employees during the above years?

THE CIVIL SERVICE

INQUIRY AS TO EARLY CLOSING FOR SUMMER

On the orders of the day:

Mr. F. E. LENNARD (Wentworth): I should like to ask the Secretary of State if the government would not consider extending

the privilege of the early daily closing to the civil service starting July 2. I would ask further if in his opinion the civil service should be penalized because this house chooses to remain in session all summer.

Mr. SPEAKER: Order. I think the question should be placed on the order paper.

LABOUR CONDITIONS

MEASURES TO AVOID STOPPAGE OF PRODUCTION IN STEEL INDUSTRY

On the orders of the day:

Mr. M. J. COLDWELL (Rosetown-Biggar): I wish to direct a question to the Minister of Labour, of which I sent him notice. In view of the importance of endeavouring to prevent a stoppage of production in the steel industry, has the minister or his department received any definite proposals from the companies in reply to the union proposals, the forty-hour week, or union-management proposals for settling the dispute in the industry? I have tried to summarize the questions.

Hon. HUMPHREY MITCHELL (Minister of Labour): The hon. member was kind enough to give me notice of these three questions. In reply may I say that the matter of wages and hours of work in the steel industry is now being dealt with by Mr. Justice W. D. Roach, of the Ontario supreme court, as an industrial disputes inquiry commissioner. The points covered by the questions are under consideration, and I am advised by the commissioner that a meeting of all parties concerned is to be held to-morrow. I do not think there will be any undue delay in the report of the commissioner.

PACIFIC COAST COMMUNICATIONS

TELEGRAPH AND TELEPHONE SERVICES IN RURAL BRITISH COLUMBIA

On the orders of the day:

Right Hon. C. D. HOWE (Minister of Reconstruction and Supply): Yesterday the hon. member for Nanaimo (Mr. Pearkes) asked a question about the disposal of the Pacific communications system. The question of the disposal of the Pacific communications system was discussed at a meeting between officials of War Assets Corporation, together with representatives of the R.C.A.F., the British Columbia Telephone company, Canadian National Telegraphs, Canadian Pacific Telegraphs and Dominion Government Telegraphs, and it was agreed that the surplus communication system should be sold to the proper parties and in the best interests of the public and all concerned.

The ultimate disposition of the Pacific communications system has been adhered to in accordance with the agreed requirements necessary to operate this high grade telephone and telegraph service in the best interests of the public in the areas covered by the system.

As a result of the sale of the Pacific communications system, wire facilities between Hope and Ashcroft, British Columbia, are composed of one circuit between Hope and Lytton and four circuits between Hope and Ashcroft. Complete telephone facilities at Ashcroft are provided by the British Columbia Telephone company, and telegraph services by Canadian National Telegraphs, Canadian Pacific Telegraphs and Dominion Government Telegraphs.

HOUSE OF COMMONS

SUMMER WEIGHT UNIFORMS FOR MESSENGERS AND PROTECTIVE STAFF

On the orders of the day:

Mr. G. K. FRASER (Peterborough West): Mr. Speaker, I believe the question that I wish to ask should be directed to you. Last year the Department of Public Works supplied the elevator operators in this building with summer uniforms. Would it not be possible for you as Speaker of the House of Commons to see that summer weight uniforms are supplied to the messengers and guards in this building? The men are now wearing winter weight uniforms.

Mr. SPEAKER: Order.

PRECIOUS METALS MARKING

REPEAL OF ACT—CONSOLIDATION OF STATUTORY PROVISIONS

Hon. J. A. MacKINNON (Minister of Trade and Commerce) moved the second reading of bill No. 17, respecting the marking of articles containing gold, silver, or platinum.

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

On section 1—short title.

Mr. FRASER: In view of the fact that this bill is a redrafting of the act, perhaps it would be well if the minister were to make a brief statement. Will he tell the committee whether jewellery manufacturers and dealers had any say in the redrafting?

Mr. MacKINNON: Mr. Chairman, the Precious Metals Marking Act was passed, under that title, in 1928. Since then a number of amendments have been made, and it was found advisable to make some further amendments at this time. Instead of asking simply for the amendments it was considered advisable to rewrite the statute; therefore the bill being presented to-day contains the provisions of the original act, with the suggested amendments. The amendments are only of a minor nature, following experience in the working out of the act. The original act was passed for the purpose of giving protection to the public when purchasing articles of carat gold, silver or platinum. It is my understanding that officials in my department have consulted with the trade in respect of the proposed amendments. To speak frankly, the bill is largely routine, and a process of tying in the amendments which have already been passed.

Section agreed to.

Sections 2 to 5 inclusive agreed to.

On section 6—Quality mark.

Mr. ADAMSON: I understand that by this section the minister is doing away with the English or heretofore commonly known marking by carats, and is ordering a substitution in the nature of a decimal fineness. In other words under this bill one will be able to refer to gold as having so many carats or so much fineness. I see nothing in the bill which states that when, for instance, a metal is marked ·680 of fineness a statement shall be made as to the other metals in the alloy. This point may or may not be important, but I believe the committee would like further information as to why these changes are being made.

Mr. MacKINNON: An officer from the department will be here in a moment or two, at which time I shall be in a better position to answer the question. Perhaps the section might stand, so that we could return to it.

Mr. STIRLING: Speaking to this section, will the minister explain what is now required on silver articles manufactured in Canada? They are not covered by the United Kingdom gold mark. What does Canada require to designate the pureness of silver?

Mr. MacKINNON: This is a change in our act to conform with international usage, and with the system that has been in practice in England. I am informed that the silver marking is exactly the same as that used internationally, showing pure silver to the extent of 925/1000ths.

[Mr. Fraser.]

Mr. STIRLING: What mark on a piece of silver would designate that?

Mr. MacKINNON: The mark would be the word "sterling," or the words "sterling silver," or the word "silver". It is to protect these markings that this legislation has been introduced.

Mr. CASE: Is this legislation intended to make the markings now used more readily understood? Why is the previous method of marking in carats being departed from?

Mr. MacKINNON: We are not getting away from the carat marking system. The explanation I have just given shows that the marking designates the actual silver or gold content.

Mr. STIRLING: Is a mark required on a plated article?

Mr. MacKINNON: That is permissible, not compulsory.

Mr. ADAMSON: Under the act as it now reads, nothing under nine carats can be designated as gold.

Mr. MacKINNON: That is correct.

Mr. ADAMSON: That is now in the bill.

Mr. MacKINNON: I am told that is not new.

Section agreed to.

Section 7 agreed to.

On section 8—Marking silver articles.

Mr. ADAMSON: I suggest that it might be advisable to provide for a date along with the Canadian national marking of a lion's head surrounded by the letter "C". We are endeavouring to establish a silversmith's industry and have gone quite a way in that direction. Silver gains in value as it ages. Georgian silver is much more valuable than Victorian silver, and I suggest that it would be advisable particularly on flatware and other silver household articles, to have near the "C" a date mark, which could be changed slightly every five or ten years.

Mr. MacKINNON: I have just discussed the point raised by the hon. member for York West, and I am told that his suggestion is an interesting one and was given consideration by the department just prior to the war, and was again considered when these amendments were under consideration. I should like to have the departmental officials go into the matter a little further.

Mr. STIRLING: Subsection 3 reads in part:

—there may be applied to the article a national mark authorized under licence . . .

Is this system to be adopted so that in future will these articles be marked with a lion's head?

Mr. MacKINNON: This has always been optional, as is indicated by the words "may be".

Mr. STIRLING: Has it ever been used?

Mr. MacKINNON: I am advised it has been used to a considerable extent.

Mr. JACKMAN: If I understand subsection 1 correctly, an article could be described as a silver article, even though it contained a base metal, as long as the silver was ·925 pure. Is subsection 1 drawn as carefully as the minister intends it to be? Reference to the definitions of "silver" and "silver article" in the interpretation section would not seem to disabuse my mind of the interpretation I have put upon this subsection.

Mr. MacKINNON: International custom in the manufacture of silver has called for a silver content of 925/1000ths with 75/1000ths copper. That is the only other metal commonly used in the manufacture of silver articles.

Mr. JACKMAN: I take it the minister is referring to sterling silver, not to plated silver. It does not seem to me that this section gives the public the protection which I am sure the minister intends them to have. The wording would indicate that an article could be described as a silver article—the definitions in the interpretation section are by no means limited—as long as the silver in the article is ·925 pure. Surely greater protection should be given to the public than appears to be given by this section.

Mr. MacKINNON: I am advised that this is considered as giving the public all the necessary protection. Ever since the sixteenth century 925/1000ths fine has been considered pure silver. In the great majority of cases copper has been the other metal used, but even if some other metal were used, if it were 925/1000ths fine it would still be classified as pure silver.

Mr. HAZEN: I think the point raised by the hon. member for Rosedale is worthy of consideration by the Minister of Justice. It depends upon the interpretation of section 8 of the bill, which says:

Subject to subsection two of this section the mark "silver", "sterling" or "sterling silver" or any abbreviation thereof may be applied to a silver article containing at least nine hundred and twenty-five parts by weight of pure silver in every one thousand parts of the silver in the article.

Then if you turn to the definition clause, 2(p):

"silver article" means an article wholly or partly or purporting to be wholly or partly composed of silver.

Therefore it would appear that any article with silver in it is a silver article. Section 8 might be interpreted to mean that the silver in that article must represent 925 parts by weight of pure silver in the article. I may be wrong; I have not studied the point at all, but I think the wording of section 8 is worthy of consideration, particularly when you look at section 2(p).

Mr. ST. LAURENT: If the hon. member will look at subsection 2 of section 8 he will find that the only deviation permitted from the 925/1000ths is to the extent of ten parts in one-thousand when solder is used and four parts when solder is not used. The definition in clause 2 reads:

"silver article" means an article wholly or partly or purporting to be wholly or partly composed of silver.

But the only thing that can be marked "silver", "sterling" or "sterling silver" is something of which 925/1000ths is pure silver, with the permissive deviation provided for in subsection 2 of section 8. It may be that an article of which a part is silver would not be wholly of silver. The head of a cane may be of silver. A certain portion of the cane may be of ebony or something else. In order to mark that part which purports to be silver with the words "silver", "sterling" or "sterling silver", that part must contain at least 925/1000ths of pure silver, subject to the slight deviation provided for in subsection 2.

Mr. HACKETT: Is that the international standard for sterling silver?

Mr. MacKINNON: Yes.

Section agreed to.

On section 9—Articles to which applicable.

Mr. FRASER: Subsection 2 says:

Except as authorized by sections ten and eleven of this act, a mark other than a mark authorized by this section shall not be applied to a plated article.

But section 10 permits the use of a trade mark, without waiting for official registration, once application has been made.

Mr. MacKINNON: Delay is sometimes unavoidable in authorizing the granting of the

proper marks, and this is intended to cover the case where an application has already been made.

Mr. FRASER: How long a delay is allowed?

Mr. MacKINNON: It is a departmental delay. It might be very short, or it might run into a few weeks.

Mr. FRASER: It would not go over a month?

Mr. MacKINNON: I could not guarantee that. It all depends on the state of affairs in the particular branch of the department which receives the application.

Mr. FRASER: What I have in mind is that a number of articles which were not up to standard might be marked and sold before the department caught up with them.

Mr. MacKINNON: There is a close inspection, and we have had very close cooperation from the trade generally. It would be a very rare case in which advantage would be taken of that situation.

Mr. FRASER: This is a safe clause to have in the bill?

Mr. MacKINNON: Yes.

Section agreed to.

Sections 10 to 15 inclusive agreed to.

On section 16—Time for laying information and complaint.

Mr. HAZEN: This section says:

In the case of any offence punishable under this act the complaint shall be made, or the information shall be laid, within one year from the time when the matter of complaint or information arose.

Why is one year allowed? Why all the delay?

Mr. ST. LAURENT: If it was not expressly provided for in the bill the delay would be two years. The criminal code provides that in all cases not provided for by statute the proceedings to recover a penalty must be brought within two years from the time the offence is alleged to have been committed.

Mr. HAZEN: But this section also permits the information to be laid within one year.

Mr. ST. LAURENT: I take it that means that a complaint is made under oath for a warrant and that an information is laid for a summons.

Mr. MacKINNON: I am told that under the criminal code action must be started within six months. The department wanted a longer period, and asked for this alteration to one year.

Mr. HAZEN: There seems to be a conflict of opinion between the Minister of Justice and the Minister of Trade and Commerce. I think it should be a shorter time. I do not see why the time should be extended, particularly in view of the provisions of the following section.

Mr. ST. LAURENT: I am sorry; I had possibly in mind the provision of our Quebec statutes, which I remember having had to seek to have applied in several instances, where the period is two years if no special time is set. I see in the criminal code, in the case of any offence punishable by way of summary conviction, if no time is specially limited for making any complaint, or laying any information, in the act or law relating to the particular case, the complaint shall be made, or the information laid, within six months from the time when the matter of the complaint or information arose, except in the northwest territories and the Yukon territory.

Section agreed to.

On section 17—Power to enter, inspect and seize.

Mr. HAZEN: Apparently power is given in subsection 1 to enter and seize, and under subsection 2, to hold the articles for ninety days, or almost ninety days, and then proceedings can be instituted. Subsection 2 says:

Any article seized pursuant to subsection one of this section may be retained for a period of ninety days and if before the expiration of such period any proceedings in respect of such article are taken under this act may be further retained until such proceedings are finally concluded.

In other words, they can seize the articles, they can hold them for practically ninety days, and then they can commence proceedings. Why do they not have to commence the proceedings when they seize the articles? Why are they permitted to wait ninety days?

Mr. MacKINNON: This extra time is frequently needed. There are, I am told, only two points in Canada where the proper assay can be made to determine the quality of the goods seized, and it is found that this extra time is necessary. It is for the protection of the department that this extra time is provided.

Mr. HAZEN: I should like to say another word about section 17, subsection 1. From a note on another page I find that before it was amended the section provided that any officer appointed under this act or any regula-

tion should have power during business hours to enter the premises of any dealer. Now it is proposed to delete those words "during business hours" and substitute the words "at any reasonable time". It would appear that this is being done merely to meet the convenience of some inspector. He may go into some city and want to get out before the man's store is opened, or he may arrive after it is closed and he does not want to stay there. So to meet the convenience of some government inspector this amendment provides that he can enter a man's premises "at any reasonable time". Why should that be permitted? Why is the act as it stands not satisfactory? It must have been satisfactory to everybody except some government inspector; at least that is the way it impresses me. It seems to me that no government inspector should be permitted to enter business premises at any time that he considers reasonable, and that is all this section is going to amount to if it is changed as proposed. I think we should have some explanation. I may be putting a wrong meaning on the amendment; there may be some other reason why this is being done, but I do not think a government inspector should be permitted to enter a man's premises except during business hours, while he is carrying on his business there.

Mr. MacKINNON: This clause is introduced to cover a point which the hon. member has not thought of. Across the country many people keep their merchandise not only in their business premises but also in their homes. This is to allow an inspector to make an investigation and get possession of these articles at any reasonable time,—not merely during business hours, which may be from six to eight—where part of the merchandise may be in the merchant's home.

Section agreed to.

On section 18—Certificate of master or assayer of Royal Canadian Mint.

Mr. ADAMSON: I think it is reasonable that a certificate signed by any assayer of the mint shall be evidence of the facts stated therein. It is the standard certificate, the only possible certificate of fineness. The question I want to ask is this. Is there a definite Canadian marking, as there is in silver, with regard to platinum articles? We are probably the greatest producer of platinum; if not, we are very nearly so, and it seems to me that we should have some specific Canadian marking for platinum goods.

Mr. MacKINNON: In Canada there is a definite marking for silver and gold only, but not for platinum.

Mr. ADAMSON: I suggest to the minister that he consider a definite Canadian marking for platinum, in view of our particularly large production of platinum, iridium, and other metals which are in so much greater demand now than heretofore on account of their great strength.

Mr. MacKINNON: I shall see that that is done.

Mr. FRASER: There is no decimal point used either in regard to platinum?

Mr. MacKINNON: No.

Section agreed to.

Sections 19 and 20 agreed to.

Schedule agreed to.

Bill reported, read the third time, and passed.

SUPPLY

The house in committee of supply, Mr. Macdonald (Brantford City) in the chair.

DEPARTMENT OF JUSTICE

106. Penitentiaries branch—administration, $133,499.

Mr. MATTHEWS (Kootenay East): When the debate was adjourned last Friday evening I was commenting on the fact that people like myself who take a deep and keen interest in penal reform are often criticized. It has been said on more than one occasion that we are a people who are swayed by emotionalism and by sob stories, and I for one have resented that, because I think I can say rather that we are men and women who are motivated by the dynamic of righteousness. It will be a sorry day for Canada, and a sorrier day for the inmates of our federal penitentiaries, when our hearts fail to be moved by the needs of these unfortunate members of society.

I have seen men working in prison gangs garbed in prison clothing, guarded by men armed with rifles, and I have said to myself, as I suppose many another hon. member of the house has said to himself: "There I go but for the grace of God". For my part, I do not want ever to condone wrongdoing, no matter where it is found. I fully realize that men and women with criminal tendencies need to be taught that crime does not pay and that certainly the way of the transgressor is hard. But when all that has been said, I believe we still need to temper our justice with mercy.

As I read carefully the report of the Archambault commission, I find that it has some scathing things to say about penal administration in the past, and it emphasizes

the need for a humane and brotherly understanding of these unfortunate people. I am inclined to think that the criticism of the Archambault commission's report made by the Minister of Justice last Friday evening had to do with these particular assertions on maladministration. I notice that the minister very graciously admitted that there is very much that is good in the report itself. Then he went on to say at page 2739:

There are certainly some assertions in it that are exaggerated.

That to my mind is a very serious reflection to pass upon esteemed persons whose judgment and ability have been so highly praised during the course of this debate. Speaking to the member for Selkirk, the minister qualified his criticism, when he said:

I have not had time to verify all the conditions described in the report.

And later on in the discussion, speaking about Stony Mountain penitentiary, the minister said—page 2740:

I have not been there myself. In fact, I have not been anywhere else since I came to Ottawa four and a half years ago.

I am satisfied in my own mind, Mr. Chairman, that when the minister made that statement he was not offering it to the house in any way as an excuse, because I do not think he is that type of person at all. But the people across Canada read *Hansard,* and they are going to read those remarks that the minister made and that other people are making. I know they read them, and I believe that a great many people will say to themselves it is about time the Minister of Justice got around a bit and visited some of these institutions that are under his care.

We who are here in the house from day to day and see the minister sitting in his place know that he has a most difficult task to perform and is giving himself to that task most diligently. It seems to me however that he ought to visit the federal penitentiaries as occasion offers, possibly between sessions of parliament, and acquire for himself first-hand information of the conditions that exist in those institutions, because I am satisfied that many of the conditions that have been complained about still exist, and they form the basis of our modern appeal for penal reform. Not punishment, but reformation, not revenge, but redemption: that, I believe, should be the keynote of our penal institutions to-day. And here I would place on the record an item culled from the Vancouver *Sun* of June 17, entitled "Contrast in Crime":

Education minister G. M. Weir said in Burnaby a few days ago that reestablishment of the Borstal home at New Haven "likely will be considered soon." It would be more reassuring if he had said that this matter is already receiving the earnest consideration of the provincial government. The record of both provincial and federal governments with respect to the treatment of delinquents and any real farsighted attack on the problem of crime, is disheartening. The public had a right to expect action earlier than this from Attorney-General Wismer, who is known to have the right idea but who seems, since his reappointment to his high post, to have let the matter sleep. The Department of Justice has issued a report which shows that 78·4 per cent of the 1945 penitentiary population were repeaters. This is an increase of 10 per cent in the last decade. What a terrible indictment of the existing penal system and of governmental sloth! Society is not getting the protection that a decent penitentiary system would give. The penitentiaries supply no corrective, they afford no deterrent. They are making criminals instead of curing them. The *Sun,* long an advocate of the reintroduction of Borstal, has pointed out before the sorry contrast the Canadian record offers when compared with that of Britain. An article in the current issue of *Maclean's* magazine highlights this contrast. Between the two wars Canada's serious crime rate multiplied three times while Britain's rate dropped one-quarter. In 1942, for example, the forty-one million people of Britain committed 4,000 indictable offences. In Canada, the same year, our twelve million people committed 46,723. What does Borstal purport to do? *Maclean's* article gives the answer. Regarding the years between 16 and 23 as the most critical in the life of the criminal, its sponsors try to give youths in this group a treatment that will "turn one kind of human being into another kind of human being." All but those who have demonstrated themselves as hopelessly vicious morally or defective mentally go to Borstal for a term of three years—that being the length of time that it takes to do what Borstal aims to do.

The system works. Four out of five Borstal graduates go straight, and Britain is able to get along with 39 prisons and jails for forty-one million people, while Canada maintains 147 corrective institutions of various kinds.

Before I bring these remarks to a close I want to offer a couple of suggestions to the Minister of Justice. First I suggest that he give serious consideration to the possibility of granting an amnesty to those whose conduct shows them to be deserving. By the grace of God we have been granted victory in a world shattering war. As nations and as individuals we have celebrated, and have expressed our joy and thankfulness. In some lands I believe it is customary at such times to mark the occasion by the granting of an amnesty to certain groups of prisoners. While it may not be feasible, and may not even be desirable, to grant a general pardon, surely something can be done, such as the partial remission of sentence, to mark this great victory.

My second suggestion may be more far-reaching, because it would entail a radical departure from our present system of adminis-

tration. I realize that as a suggestion it may appear to be one born out of due time, but in my own mind I am convinced that it is sound and that time and the evolution of circumstances will bring it into being. To-day an arrested person is brought before a court of justice and tried. If found guilty of a serious crime he is sentenced to a period of imprisonment, and if that period exceeds two years he is confined in one of our federal penitentiaries. My suggestion is that after a man has been arrested, charged, tried and sentenced, the court of justice has done its work. From the moment a prisoner enters the gate of a prison he should no longer be under the law, which has been applied in the past in military form. He should be under the care of social and redemptive agencies, persons specially trained in reform work. It should be made quite clear to the prisoner that part of his punishment is the curtailment of his liberty, but that the period of his incarceration will afford him opportunities to regain his lost manhood.

I realize that I have spoken at some length, but the subject is one in which I am deeply interested. For long enough we have contented ourselves with talking about penal reform. Now may God give us grace and strength to go ahead and do something about it. In closing I should like to read a clipping from the *Christian Science Monitor* of a few weeks ago, written in connection with the revolt at Alcatraz prison:

> The revolt at Alcatraz prison caused five deaths and hundreds of war-sized headlines. The only corrective result so far reported is a plan to repair the cell block which gave a desperate convict a chance to get weapons. Will that be the total product of the headlines? Or will the attention focused on Alcatraz prick the public conscience a mite?
>
> What is Alcatraz? Is it simply an "escape-proof" prison set on a rock amid the rip tides of San Francisco bay? Or is it a spectacular symbol of society's failure to deal adequately with crime? It is not a place for reform or rehabilitation; most of the 277 there society has given up. Most of them are "lifers" the public did not wish to execute and dared not give any chance at freedom. At Alcatraz they are safe—and comfortably forgotten.
>
> George Bernard Shaw has a new book called "The Crime of Imprisonment," in which he says: "In imprisonment, the public is seeking its own salvation, not that of the lawbreaker." Perhaps this is the best our society can do at present—seek protection for itself from such desperate enemies as it sends to Alcatraz. Prisons are easier to repair than men. But the method is costly and does not provide any protection from new crops of criminals—it is not even a sure deterrent. If we could not put such men out of sight in the Alcatrazes, would we make more effort to remove the causes of crime?

This, sir, I contend is a question that society as a whole must answer, and that very soon.

Mr. CROLL: Mr. Chairman, I realize that prison reform is not a new subject, for it has been under review in this country for well over a hundred years. The most recent review was conducted by the Archambault commission in 1938, when the problem was explored and reexamined and many valuable recommendations put forward. In the light of these researches it is interesting to examine the statistics on crime in Canada over the past forty years. From 1900 to 1943 the number of crimes increased from 5,768 to 41,752, an increase of 642 per cent. The increase in population during the same period was 120 per cent, so we see that the increase in the crime rate was more than five times the increase in population. A further breakdown of the statistics is even more revealing. Convictions for all offences in 1905 numbered 62,559; in 1925 they were 177,783, and in 1943 they numbered 517,363. Or to consider the ratio of crimes to population, convictions for all offences were 1,042 per 100,000 of population in 1905, 1,913 per 100,000 of population in 1925, and 4,379 per 100,000 of population in 1943.

As far as juveniles between the ages of sixteen and twenty-one were concerned, the same trend is apparent. To consider only major offences, or what would be equivalent to indictable offences when referring to adults, the convictions of juveniles were 238 per cent per 100,000 of that age group in 1911, 708 in 1937, and 900 in 1943. I presume hon. members may ask, can that be true? Well, those are the figures; they may be found in the *Canada Year Book* and in the publications of the statistics bureau, and they are true. I think it well that this house should realize these figures are an appalling reflection upon the moral therapy of our prison system, particularly when we consider that a great proportion of the crimes were committed by repeaters. These figures are very interesting. Of the 1,335 males committed to the seven dominion penitentiaries during the year ended March 31, 1945, 1,050, or more than 76 per cent, three out of every four offenders, had been in prison before. Of the 42,000 men sentenced for indictable offences of all types in the same year, more than 13,000 of them, or one out of every three, had been in prison before. The Archambault commission of 1938 reported that there were 188 prisoners then in confinement who had been convicted an average of nineteen times each, and had cost the taxpayers of this country an average of $25,453.24, without taking into consideration the loss occasioned by the crimes which they committed.

Mr. FLEMING: They cost that much each?

Mr. CROLL: Yes, each. No hon. member will deny that these figures represent a staggering defeat of crime prevention. I think we ought to ask ourselves: Why have we failed to keep crime under control? In my opinion —and I think it is the opinion of the Archambault commission—no cause is more influential than the prison system itself. Because, as the hon. member for Kootenay East has said, while Canada's rate of serious crime was increasing threefold between the first and second great wars, under another system the British rate has dwindled by four. In twenty years, in conjunction with the Borstal system for young offenders, Great Britain reduced the population of her prisons from 186,000 to 46,000. More significantly, in the year 1942 there were 47,000 indictable crimes committed in Great Britain, which has a population of 41 million; and in the same year in Canada, with a population of 12 million, there were 46,723 indictable offences.

Chief Justice J. C. McRuer, who was a member of the Archambault commission, said in a public address in May, 1942:

> Why we should have 46,723 persons convicted of serious crimes in Canada in one year, while in Great Britain with nearly four times the population the annual convictions were approximately 47,000 is a matter for careful consideration and profound examination.

Well, the explanation it seems is quite clear. There are two methods of handling lawbreakers. One decreases violation of the law, and the other seems to increase violation of the law. An examination of the Canadian penal system, as reported by the 1938 Archambault commission, discloses deep-rooted and yet remediable defects. These defects are:

1. Staffs are inadequately trained, sometimes unsuitable for their duties, and generally underpaid.

2. Any individual attempt to ameliorate conditions is frustrated by a multitude of detailed regulations.

3. The prisoner is cut off from the rest of the world by walls and by regulations which deny him newspapers and restrict his correspondence and visiting privileges.

4. He is treated as one of a disgraceful class of persons to be denied any humanizing contacts.

5. He is allowed only one half hour of daily exercise in the open air, consisting mainly of walking in a ring with no conversation allowed.

6. His work is unproductive and insufficient.

7. Generally, trades are not taught.

8. A great proportion of the prisoner's time is spent in idleness.

As for youthful offenders, the commission reported that—

> Contrary to the general public belief they have not the least opportunity to learn a trade—

—to fit them for employment on discharge. It also appears that—

> Education has been largely neglected in all Canadian penitentiaries, and no real interest has been taken in this important feature of reformative treatment.

Further:

> The school rooms are all poorly equipped . . . accommodation is meagre and unsuitable . . . there is no vocational education worthy of the name . . . there is little use of the library as an agency of education . . .

And all this in a penitentiary in which—

—a large proportion of the population is illiterate.

In spite of the obvious opportunities for agricultural work the commission found that—

> —the farms are not exploited or cultivated to the extent of their possibilities . . . are inefficiently operated and there is no one connected with the penitentiaries branch who has the required experience to direct the operation of farms which total over 1,000 acres.

Something has already been said about the Borstal system. I looked through *Hansard* and I did not see there a clear statement of what the Borstal system consists of, so I now quote from a report respecting the Borstal system by Barman of London, in 1934:

> Borstal is not a boys' prison. To collect all prisoners under twenty-one and confine them in a corner of a large gaol and call the result a Borstal institution is a sham and a pretence, a piece of administrative complacency defrauding a credulous public. A Borstal institution is a training school for adolescent offenders, based on educational principles, pursuing educational methods. To be sent there is a punishment, for the training involves a very considerable loss of liberty, but to stay there is to be given a chance to learn the right way of life and to develop the good there is in each.

The English Borstal system which deals with young offenders over the age of sixteen years was instituted by the Prevention of Crime Act, 1908. The act recognized for the first time that youthful adolescents, whatever their crimes may be, were to receive special treatment adapted to their needs. Subsequent legislation increased the age from twenty-one to twenty-three, and extended the possible period of detention from one to three years.

Young offenders between the ages of sixteen and twenty-three were divided into three classes (1) those who are not bad enough for Borstal and can be dealt with by probation

or other non-institutional treatment; (2) those who are too bad for Borstal, and (3) the remainder, mostly repeaters, who are selected for Borstal. As a rule first offenders are not sent there.

The Borstal sentence is ordinarily three years, of which two are spent in the institution, with one year at liberty under supervision. In the eight Borstal institutions, some are locked up at night, and some are locked neither day nor night. The institutions offer a graded system of supervision and restriction according to the character of the inmates. Some exercise no more restraint than there is in an ordinary boarding school—in fact the boarding school principle is extensively used. In each institution the boys are divided into houses, in charge of a housemaster and his assistant. They progress from grade to grade, promotion being governed by good conduct and industry, until they are trusted to work without supervision and then without escort.

Industrial training and vocational guidance play an important part in the Borstal system. Through hard work, physical training and planned recreation, delinquent boys are thus able to reshape their lives. Much of the credit for their success is due to the unusually high calibre of the Borstal staffs, who are given the widest possible scope in dealing with their charges, and to the Borstal association which supervises and assists boys who have been discharged from one of the institutions. The success of Borstal is shown by the fact that two-thirds of the boys who are discharged do not again appear at any time during their lives in prison; and fewer than twenty per cent are repeaters. Almost all youngsters, with few exceptions, develop sufficient strength of character to take their places in the world as useful citizens. Such is Britain's very wise investment in youth. It seems to me that where we cannot lead, we can at least follow.

The report of the Archambault commission proved conclusively that the present system in Canada is fifty years out of date physically and morally. To remedy it requires more than the handful of amendments which have followed this indictment. In my opinion the need is for a thorough change of perspective on the part of the government and on the part of the people of Canada. Many of the vices of the present system have grown up because of the complete indifference of the public in general. This mentality is undoubtedly a hangover from the Victorian era, where a prison was the place to which you sent lawbreakers and forgot all about them.

Five of the seven penitentiaries in Canada were built upwards of sixty years ago, and the way of thinking that conceived these gloomy buildings still governs the treatment of their inmates. But if the physical constitution of our penitentiaries is antiquated, the penal therapy practised in them is equally obsolete. Yet it is useless to change one and not the other. It is useless to develop modern methods of treatment if young and reformable offenders are to be given a complete education in crime through enforced and indiscriminate association with experienced criminals. As it works out in practice, the first offender is a better citizen when he goes in than when he comes out. To remedy this situation, the Archambault commission made some eighty-eight recommendations. I shall not read them all, but I should like to refer to a few.

1. A centralized prison system under one federal government authority.

2. A classification system to separate young and salvageable prisoners from repeaters and the mentally deficient.

3. Stress on education and vocational training.

4. A new approach to prison discipline.

5. Facilities for helping released prisoners take their place in civilian life.

6. Institutions patterned after the Borstal system for young offenders from sixteen to twenty-three years.

7. Better training and pay for prison officers.

8. Thorough medical and psychiatric examination.

9. A merit system for reformables on the model of the English system.

10. More outdoor games and exercises.

11. Reorganization of prison industries.

12. Installation of parole officers.

The committee may or may not agree with the Archambault report, but I think we must all pay our respects to the intelligence and probity of the commission. But what has been done in the eight years since their report was submitted can only be put down as insignificant. In fairness it must be said that in six of those years we were involved in a horrible struggle and not much could be expected, but that is finished. We ought to be ready now to make progress. Some small reforms have been made, and credit must be given. These reforms include permission to the prisoners to have playing cards in their cells so that they can amuse themselves. They are allowed to have puzzles and drawing materials. They are permitted to hear a slightly wider selection of radio programs, and to see one moving picture per month. They bathe more often than they used to. One penitentiary has installed mechanical dishwashers. The rule of silence

is now enforced only between the hours of seven and eight in the evening. Only a short time ago a psychiatrist was assigned to the penitentiary at Kingston, but there is still none in the other six penitentiaries.

But the rest remains practically as before. There is still the hole, the strapping bench, the thirty minutes of exercise a day, and the necessity of prisoners spending fifteen hours of each day alone in their cells. Prisoners still earn five cents per day in old and badly equipped shops. Virtually nothing has been done to facilitate the classification of prisoners, to supply vocational training, or to segregate and supply curative treatments for young offenders. In the words of the 1913 penitentiaries commission:

> The old and the young, the bad and the well disposed, the hopeless and the hopeful, all are treated as so much human waste in a common heap.

I would call the attention of the committee to the fact that penal reform is not a matter of amending one or another of the seven hundred odd regulations which have accumulated since the original Penitentiaries Act was passed in 1868. It is a question, first, of recognizing and, second, of applying, well established principles. The cornerstone of modern penology is classification, segregation and after-care, none of which is adequately practised in Canada.

Criminals may be divided into three main classes, as the hon. member for Saskatoon City has said. They are, first, accidental or occasional criminals; second, reformable criminals, and, third, habitual criminals. In Canadian prisons these types are thrown together in hopeless confusion, and when to them are added the criminally insane, for whom no separate provision is made, if they become insane more than three months after they have been committed to prison, the reason for Canada's failure in crime prevention becomes apparent.

Only adequate classification and segregation will avoid this evil, and these are almost physically impossible in the Canadian prison system as at present constituted. Sheer lack of facilities prevents the separation of the young from the old, the reformable first offender from the hardened repeater, the weak from the vicious, and the moron from the wayward intellectual. The only solution, as the Archambault commission realized, is to centralize penal control. I can see some difficulties about that. They recommended that the reformatories and provincial gaols must be brought under the same jurisdiction as the penitentiaries so as to develop a coordinated system of classification and treatment for all except short-term offenders. Instead of automatically sending a man to the nearest penitentiary following a conviction of two years or more, as is done at the present time, it should be made possible to put him through a screening process that will permit the segregation in various prisons of the habitual offender, the young prisoner, the mentally deficient, the incorrigible, and the insane.

The Archambault commission recommended a six-point programme of classification designed to remove many of the evils of the present system. This recommendation must be implemented, but its functioning is predicated on centralized control. But a just and humane prison system in itself does not complete the picture. The after-care of discharged prisoners is fully as important. The Archambault commission concluded that the alarming increase in repeaters was chiefly due to two factors:

> First, the absence of any serious attempt to effect the reformation of the prisoner while he was incarcerated . . . and
>
> Second, the failure to provide him on release with adequate assistance . . . to obtain honest work and support himself and his dependents.

It costs this country $4,000,000 a year to keep 3,000 men in penitentiaries, but when a prisoner is let out, he is on his own. He faces an unfamiliar and hostile world with a railroad ticket, a few dollars earned at five cents a day, and a suit of prison-made clothing which he gets rid of at the first opportunity. Through enforced isolation from the outside world he has lost touch; his unproductive, rigidly controlled life in prison has left him badly handicapped in his efforts at rehabilitation. Sooner or later ninety-five per cent of our penitentiary inmates are released, and the 1938 commission was convinced that with proper after-care the vast majority of them could become useful citizens. Instead, as we have seen, three-fourths of them commit further crimes and are returned to prison.

At the present time there are eight prisoners' welfare associations in Canada. They have done invaluable, if unpublicized, work, for which this committee will, I am sure, commend them whole-heartedly. Yet they are gravely handicapped by lack of adequate financial support—no regular contribution is made by the federal government—and without coordination it is difficult for them to pursue a uniform programme throughout the country. By contrast the state-controlled and financed rehabilitation of ex-prisoners is one of the most profitable features of the British penal system. There the Central Association for the Aid of Discharged Convicts, whose president is the Home Secretary, is financed by the treasury to coordinate the work of all the

societies engaged in assisting ex-convicts. When a prisoner is released, one of the organizations takes charge of his maintenance for at least two weeks, helps him to find a job, and even buys tools for him if necessary.

No fewer than four recommendations were made by the Archambault commission to set up a coordinated system of after-care for rehabilitating released prisoners. They saw that prisoners have to be helped to face the problem of their reentry into society, and that the solution lay partly in coordinating all the prisoners' aid societies under government sponsorship, and partly in enlisting the cooperation of the public to assist discharged prisoners to find employment and resume their place in the world.

In general, what is needed is a complete change of mind and a change of heart in dealing with crime. We must recognize it for what it is—a disease born of social conditions for which the country as a whole must accept greater responsibility. And like a disease, crime can, in most cases, be cured. The offender against the law must be punished for his transgression—that is the basic principle of any system of justice. But more important, he must be prevented by positive treatment from continuing in the way of lawlessness.

So far we have confined ourselves to punishing law-breakers by taking away their liberty for a period of years and then returning them to the world more anti-social than they were to begin with. That this method has been a complete failure is apparent from the statistics of crime to which I have referred. It remains to try another course. We have before us, in Britain, an example of what can be done, given an understanding of the nature of the problem and a real desire to remedy it.

The treatment of crime must be brought out from behind the hundred-year old walls of Kingston penitentiary, Dorchester and Stony Mountain into the light of modern science. The country at large must be taught a sympathetic and intelligent approach to crime and its prevention. Only by facing up squarely to the facts can we hope to provide a remedy. Until we do, and so long as we attempt to cope with the situation by antiquated methods, we may expect the present trend in lawlessness to continue.

I started out by saying that prison reform was not a new problem in this country. The first commission to inquire into it was appointed in 1832. It met and made a recommendation, which was tabled. Sixteen years later, in 1848, another commission was appointed. It too met and made a recommendation, which also was tabled. In 1867 another commission was appointed. It met, made a recommendation, and the recommendation was tabled. Forty-six years later, in 1913, another commission was appointed. It met, made a recommendation, and that recommendation was tabled. Seven years later, in 1920, another commission was appointed. It too met, made recommendations, and again the recommendations were tabled. Then in 1938, eighteen years later, another commission was appointed. It too met and made a recommendation, and now we have that recommendation before us, eight years later.

We cannot solve the problem we have been discussing here by ignoring it. We have to face up to it. It is long overdue for our attention. Mr. Chairman, we must do something about this problem, not to-morrow, but to-day. The Archambault report was a splendid one. All I ask is that the minister and his department apply themselves immediately to it and bring into effect recommendations in that report that will change the system to the benefit of the people of Canada generally.

Mr. McKAY: Mr. Chairman, I have listened with considerable interest to what has been said by the hon. member for Kootenay East, and by the hon. member for Spadina who has just taken his seat. Both speeches have been most informative. This discussion, while it has gone on for some considerable time, is one of great importance to this country. Last year we discussed penal reform at some considerable length. Some of us were not particularly satisfied with what had been done following the report of the Archambault royal commission, and we are still not satisfied.

I propose to deal at the outset this afternoon with the matter of crime prevention. It seems obvious that there has been neglect and failure to work out any national technique under the Department of Justice, or for that matter anywhere else, for the prevention of crime among our youth. The field—

Mr. ST. LAURENT: Would the hon. member—

Mr. McKAY: Would the minister wait until I am finished?

Mr. ST. LAURENT: I do not like to leave the imputation unanswered that there is failure on the part of the Department of Justice to institute methods for the prevention of crime among youth. That is not within the jurisdiction of the department, or within the jurisdiction of the House of Commons or of the hon. member who is now speaking.

Mr. McKAY: I said, and I repeat, that there has been a failure to work out any

national technique anywhere for the prevention of crime among youth, and I referred to the Department of Justice and added, or for that matter anywhere else. I cannot see any particular objection to that statement, Mr. Chairman. The field has never been explored, so far as I can find out, and no machinery for dealing with potential offenders and for the liquidation of crime-producing centres has from the national viewpoint ever been conceived, much less standardized and set up for service. The dominion has left it in large part to the provinces, and the provinces have left it to the dominion, with the result that next to nothing has been done.

The child who has been raised in a slum home, under bad housing conditions, and in miserable surroundings, often undernourished in mind as well as in body, has been robbed of his rightful chance, and such conditions will breed delinquency as long as the state sits back and placidly allows such conditions to exist. We hoe out weeds in our gardens and fields, but the elimination of the evil which surrounds our youth has been largely left to a few churches and community-inspired organizations, who cannot hope to cope with this problem.

The house should take cognizance of the situation and proceed to eliminate crime by removing its most obvious source.

The minister is unquestionably aware of the wave of crime that is sweeping this country from coast to coast at the present time. Newspaper reports indicate that the perpetrators of these innumerable offences against the law of the land are in most cases young persons in their early twenties. Too often these young men and women have previously served time in penal institutions. It appears obvious to the most casual observer that, this being the case, our penal institutions have little rehabilitative or redemptive value. As a mode of treatment for offenders against the law, incarceration in our gaols and prisons without a programme of rehabilitation appears most ineffective. Many of Canada's outstanding leaders in education, in the church, in the legal profession, believe that a more sympathetic and above all scientific approach to the problem of youthful delinquency is most urgent. Acts of terrorism throughout the country continue, while the major recommendation of the Archambault royal commission of 1938, the establishment of the Borstal system in Canada, remains unimplemented. The United Kingdom has, by the establishment of this system, most satisfactorily met the problem of juvenile delinquency. The number of young people who are rearrested after completing a term in Borstal institutions is very small. It is so successful that more than seventy per cent are never reconvicted. Youth have gained confidence in the administration of justice in the old land through the introduction of the Borstal system. There is a grave need of something of the same sort being established here in Canada. This house should insist that action be taken at the earliest possible moment to establish Borstal institutions in this country. It is recognized by many states, including England, the United States and France, as the most efficient agent of reform which has yet been devised for young offenders against the law.

A commissioner has now been appointed as authorized by section 4(a) of the Penitentiary Act of 1939, as enacted by section 2 of chapter 28 of the statutes of 1945. The house should be deeply concerned with regard to the activities of this commissioner. Most students of penology who have carefully studied the report of the royal commission of 1938 which investigated Canada's penal system are agreed that the report was a most noteworthy document, exhaustive in detail and on the whole generally satisfactory. Why, in the face of the opinions of these experts, are such statements made from the government benches as appear in *Hansard*, page 2744, and as have occurred during this debate? I quote remarks made by the hon. member for New Westminster:

> Mr. Reid: I have one question to ask the minister and a suggestion to make as well. First of all, may I say that I was pleased this evening to hear him remark that many of the suggestions—

Note the word "many".

> —and recommendations of the commission which were supported by certain hon. members tonight were exaggerated. I remember the visit of the commissioner to the Pacific coast, and I could use a stronger word than "exaggerated." Before the minister implements the recommendations made in the report I would suggest that he had better wait until he has a report from the new commissioner who has been appointed.
>
> An hon. Member: Appoint another royal commission.
>
> Mr. Reid: No; I am not in favour of that. Judge Archambault should never have been appointed to the job to which he was appointed. He knew little or nothing at all about penitentiaries. Many of the recommendations were ridiculous. I know whereof I speak. I do not care who appointed him; I am saying that as a member of parliament.
>
> Mr. Castleden: He was not alone in it.
>
> Mr. Reid: He took charge of it. As a matter of fact he was the chairman of the commission and took an active part too.

I submit that to say that many of the suggestions and recommendations were exaggerated, and to add that many of the recommendations were "ridiculous", and more,

that the chairman, Mr. Justice Archambault, should never have been appointed, in effect amounts to a virtual repudiation of the work of this commission. It is a strange thing indeed that the government should appoint men in whom they had no confidence. If the commissioners were incompetent to conduct a survey of this country's penal system, why were they permitted to spend two years studying prisons in Canada and overseas, at a cost to the Canadian taxpaying public of $108,000? There can be only one answer: the government does not approve the report; it was not to the government's liking, because it spoke frankly and told the truth. The truth occasionally hurts, Mr. Chairman. It is most apparent that it is now the government's intention to ignore these suggestions and recommendations, because a commissioner has been appointed—

An hon. MEMBER: Another one.

Mr. McKAY: —who, as the minister states, and to use his own words, will "be able to make recommendations which can be implemented." After spending thousands of dollars of the public's money to produce it, the royal commission report of 1938 appears destined for the wastepaper basket to which so many other royal commission reports have been relegated in the past. And a new commissioner has been appointed—a military man, no less—who, the minister states, is to obtain accurate and up-to-date information as to what should be done with regard to our penal institutions. I am not questioning this man's qualifications, but I do hesitate, and I believe Canadians generally will hesitate, to accept one man's word against that of three men who were experts in their own field of endeavour for years and because of the very nature of their professions have been closely associated with the subject of penal institutions and penal reform throughout their long and varied careers. It is not inconceivable, Mr. Chairman, that should the new commissioner not recommend changes to the liking of the government, his report too will be thrown in the discard and we shall wait for another half century or more for satisfactory penal reform.

Last session the minister stated, as reported in *Hansard* of December 12, page 3353, that the recommendations of the Archambault royal commission dealing with the establishment of a Borstal system—to use his own words—"cannot be acted upon until there is some change in our constitution."

Mr. TOWNLEY-SMITH: Good old constitution!

Mr. McKAY: This seems to me a further excuse for government inaction. If the constitution must be amended to meet the situation—and I maintain that conditions with regard to crime among the youth of this country are serious enough to warrant that change—surely our constitution can be amended for that purpose. The public are demanding that something be done. Our constitution, unlike the laws of the Medes and Persians, is not unalterable: it has been changed before and can be changed again. May I suggest that the minister take the initiative and at the earliest possible moment call a conference of provincial and dominion officials who are interested in prison reform to consider this whole subject. There is ample evidence that the provinces are greatly concerned about the increase in crime throughout the country. They ought to be, because it is costing provincial treasuries millions of dollars. Everyone is concerned because everyone, by one means or another, is paying taxes to provide for these ever-increasing expenditures. I do not believe the provinces will stand in the way of amending the constitution if it needs to be amended in order to cope with this serious problem. I have every reason to believe the minister is sympathetic to the suggestion that Borstal schools be established in Canada, because he must know the record of these schools in the United Kingdom. Someone must assume responsibility for dealing with the situation.

In the discussion of this subject last year, figures were placed on the record—I do not propose to repeat them now—to show that crime among our youth was increasing at an alarming rate, while in the United Kingdom, since the inception of the Borstal school system, it had shown a steady decline. Canada must grapple with this serious social problem. The public is demanding that something be done, because the situation is appalling. I submit that the minister has within his power the remedying of the situation, which has been altogether too long a festering sore on the body of our social structure.

Mr. KIDD: I should like to bring to the minister's attention another angle of the penitentiaries question, and that is the present position of men who resigned as guards to go overseas. When war broke out in 1939 many of these men, returned soldiers from the last war, immediately enlisted. They joined up in 1939, 1940 and 1941, and particularly would I draw attention to Kingston, Portsmouth,

and similar penitentiaries. The same applies no doubt to other penitentaries across Canada. Some of these men went overseas, others gave valuable service in the veterans guards. Some have not come back; others are now returning. Naturally when they enlisted their places had to be filled, but I would make a strong appeal to the minister to see to it that those men who are now being taken on the staffs again do not lose their seniority by reason of their service overseas. Some of those who were taken on to fill the places of the men who resigned to go overseas have been confirmed in their positions. Some were temporary. At any rate, on behalf of these particular men of whom I speak, who made such a splendid contribution to the war effort, I ask that every consideration be given their cases when they come up for review by the minister.

Mr. ST. LAURENT: That is a matter that has received very serious consideration. When the war broke out my predecessor gave instructions to the wardens to release all those who could be spared and who wished to enlist in the forces. Then, after the staffs were cut to the smallest possible number that could cope with the job that had to be done, the others were told that it was felt their services were essential to the administration of these penitentiaries at home, and that if they remained with the service they would get first consideration, subject of course to the restoration of the rights of those who had obtained leave to enlist. There were very many who did remain, and who felt that they would have been more comfortable in the uniform of the fighting men. Some of them chose to leave, and they resigned. They were told, "If you do that, we shall have to give consideration to those who stay with us." Now the war is over and some have returned. Wherever it is found possible, without breaking a promise to those to whom promises were made to restore full rights to returned men, sympathetic consideration is being given. There are some cases, some specialized jobs, where you could not take back a man who resigned and left, in spite of the representations made to him that his services were required, without breaking a commitment that was made at the time to the one who took on his work. The hon. member would not like, any more than I would like, to have the department break commitments that were made at that time. That is the only qualification there is. The department is doing its best, because it appreciates that that is what every right-minded person would wish to have done, but it cannot go to the extent of breaking commitments that were made when there was this great need of retaining essential men in the service of the penitentiaries.

Mr. COCKERAM: With reference to those who have been taken back, may I ask whether they are being reinstated in the pension fund having regard to the services they rendered in the army?

Mr. ST, LAURENT: Those who went on leave return under the ordinary conditions not only of being kept in the pension fund but of having their position in the superannuation fund improved by the statutory increases they would have obtained had they remained here. As to others who left without leave, some of them withdrew their gratuities. I cannot say how each individual case is being dealt with. The only thing I have said that we could not do is to breach commitments which we made to those who replaced these men. But, provided that we do not have to breach commitments made to others, we will give the returning men just as generous treatment as the regulations will allow.

Mr. COCKERAM: If a man who resigned his position to serve in the forces is taken back on the strength of the penitentiary staff, I would ask the government to allow him to pay into the superannuation fund for the time he was away, so that we will not lose the benefit of those years of pensionable service.

Mr. KIDD: I would reinforce what the hon. member has said in that regard. Different points of view were held in 1939 and 1940 with respect to these men, but the men had the good will of everyone when they left to join the forces. When they went, some of them took their five per cent, and now that they are back, when they are taken on the strength of the penitentiary staff, they should be allowed to pay back into the fund what they have withdrawn so that their pension position will not be impaired.

Mr. ST. LAURENT: The most I can say is that the only restriction I have imposed is that we must not break commitments made to others. Apart from that, these men will get as sympathetic consideration as it is possible to extend to them.

Mr. HAZEN: I have a case which I do not regard as a closed book, although I have not got very far with it, and I hope the minister will not regard it as closed either. I do not ask him to deal with it this afternoon, but it has to do with a warden who got leave to enlist in 1940. He enlisted in the armed services, and after discharge he wrote to the act-

ing warden informing him that he was not coming back, although this letter has not been discovered among the files of the warden. He had served as a warden for about nine years, I think, during which period he had contributed five per cent of his salary toward the superannuation fund. Because of the fact that no word had been received that he was coming back, an order in council was passed which deprived him of the amount he had contributed to the pension fund over that period of years. Under the act I believe there is a provision that a man must contribute for ten years before he can have the amount he has contributed returned to him in case he leaves the service, though I believe an amendment has been made to that provision. This man served for some nine years. He got leave to enlist, and because when he got out of the armed forces he did not go back, an order in council was passed depriving him of this amount. But he points out to me that if a man who is employed as a warden is dismissed after being employed for several years, he receives back the amount he has contributed to the fund. To me it seems hardly fair or right that a man dismissed from the service should have his contribution to the fund repaid while a man who volunteered to go overseas is deprived of the amount he contributed.

As I say, I do not regard this matter as closed. I hope the government will see its way clear to do something about it, and I propose to take it up further with the minister, though I do not ask him to deal with the matter this afternoon.

Mr. ST. LAURENT: I think I know the case to which the hon. member is referring. All I would care to say at this time is that this man was not a warden, and I believe that correction should be made. The warden is the person in charge of the penitentiary, and I do not think the impression should be allowed to go abroad that the person the hon. member has in mind is one of the seven wardens.

Mr. HAZEN: No.

Mr. ST. LAURENT: He was another, lower official.

Mr. HAZEN: Perhaps I should have said a guard.

Mr. ST. LAURENT: Yes, in fact I think he was an assistant.

Mr. FLEMING: I have a few remarks to offer in connection with this item, Mr. Chairman, particularly in the light of some of the statements made in the chamber to-day and on June 21 in relation to the matter of penitentiary reform.

We have heard an extended discussion of the recommendations of the Archambault royal commission. I do not know whether the Minister of Justice intended, when he spoke on this subject on June 21, to leave the impression some of us have drawn from his words. Certainly I hope he did not intend to give the impression which I think is given by his words in this respect. I believe many reading what he said will form the impression that the minister was throwing at least some cold water on hopes that the government really means to give effect to the recommendations of that commission. As a matter of fact there was much more reason for hope in the remarks of the minister when he spoke on this subject last fall, hope that the government really intended to implement the recommendations of the Archambault commission, than one would be warranted in drawing from his remarks of June 21. So before this item is passed, in the light of the study of conditions now being made by the commissioner, General Gibson, I hope the minister will give the house an assurance that there is no thought of delaying action on this report or giving to the recommendations therein contained anything less than meaningful action as soon as conditions permit.

It appears that others on the government side drew a similar impression from the remarks of the minister. That was evident in the address of the hon. member for New Westminster, who took occasion to question the capacity of Chief Justice Archambault to head such a commission. I do not feel called upon to justify the qualifications of Chief Justice Archambault for this work. I think his qualifications and those of his associates are abundantly demonstrated in the contents of the report itself. It is a remarkable document, one of the finest services of its kind to be performed by any royal commission in the history of this country. I for one am satisfied that the conscience of this country, now that the war is over and all excuses for delay are removed, will not permit dilly-dallying with the recommendations made by that commission. Chief Justice Archambault was supported by two eminent colleagues, Mr. R. W. Craig, K.C., former attorney general of the province of Manitoba, and Mr. J. C. McRuer, K.C., now chief justice of the high court division of the supreme court of Ontario. Both these gentlemen are eminent jurists, and it cannot be denied that they have had a broad experience with men who have found their way into these penal institutions. Nor

can it be denied that they gave intensive and most intelligent study to the problem referred to them. They travelled widely; they studied other systems, and I think the report they wrote is the most comprehensive document of its kind to be produced in the history of this country; and we have had not a few documents of a similar nature.

Let it not be said that the need for reform of our penal institutions is any less urgent now than it was in 1938, when that report was written by the royal commission. I am not going into statistics; the committee has had ample statistics this afternoon. But I should like to refer to the press report of an address delivered by one who has had much to do at first hand with conditions in Kingston penitentiary. I refer to Canon W. E. Kidd, who for some time was protestant chaplain at this institution. In addressing a church assembly in Kingston on May 10 of this year he is reported as follows:

. . . members of the Christian church should see that men who are sent to penal institutions get treatment leading to reformation.

He said such treatment was not possible under the present system.

Think of that, in this year of grace 1946!

Canon Kidd said he spoke as a chaplain who had seen thirteen years' service at the Kingston penitentiary. He said whatever is done with regard to reformation in penal institutions the Christian church should see that new regulations are satisfactory.

Many articles are being written about prison reform, he said, adding that Kingston penitentiary had a splendid staff, but it was hampered by government regulations. It is the general feeling that lack of reformation at the prison is not due to the staff, he said.

Canon Kidd suggested that the deputy warden and senior officers of institution should get together occasionally to study improvements in the penitentiary system. "The regulations," said he "are formed in Ottawa, and the local authorities have nothing to say about them."

"Men who are serving time in these institutions are entitled to more than they are getting. There are many things that can be done. I think they should get more pay, so they can have sufficient money when they complete their sentence," he said. He charged that there was a gulf between the penitentiary branch and the remission branch at Ottawa, and that many recommendations are not acted upon at the right time.

Canon Kidd also referred to Ontario reformatories, and said that in his opinion a full-time chaplain should be employed and not a part-time minister as at the present time. He said the inmates at the Kingston penitentiary had manufactured a large amount of war supplies during the second great war, and had given 3,000 blood donations.

I believe I need say nothing more on that subject, but I feel called upon to say a word concerning the commissioner who has been appointed by the government. I speak in the light of some of the suggestions from certain quarters of the house to the effect that General Gibson, because of his military experience, is disqualified from carrying on efficiently and sympathetically the duties which devolve upon him as commissioner.

I speak as one who knows General Gibson personally, as one who has known him for many years. May I say to the Minister of Justice that he made an excellent appointment. That is one reason I rise at this late stage in the debate. General Gibson is a man of a most sympathetic and understanding nature. No one need have any doubts or misgivings on that point. I make that statement directly and emphatically to those hon. members who expressed misgiving because General Gibson had had a long military career. His military career was one which brought him distinction and honour. He served in both wars, and was active in the non-permanent militia between the two wars.

Mr. PROBE: Is he humanitarian? Does he understand juvenile and adult psychology?

Mr. FLEMING: He understands human nature. I do not know whether the hon. member for Regina City and I would understand the same thing from the use of the word "psychology". I say that General Gibson understands human nature, and that is the most important requisite in the position to which he has been appointed. He has had a long and distinguished career at the bar in Toronto, and is a man with a humanitarian and sympathetic outlook. Let there be no misgivings or doubts on that point. I repeat that the minister made a most happy choice in his selection of General Gibson, and I look forward to the time when the commissioner's report will be placed before parliament.

The hon. member for Kootenay East, in his excellent review of this problem on June 21, asked the minister if he would give the house an interim report on progress made to date by General Gibson in the study of the problems assigned to him. I hope the minister will give hon. members the benefit of that report, as it may be received from General Gibson. I believe that the house would receive such a report with interest and profit, and that its presentation might very well not be delayed until the report is complete—unless there is some very good reason why such interim report should not be presented at this time.

The minister has emphasized the fact that the problem of penal reform is not one which concerns the federal government alone, but has pointed out that it concerns as well all the provincial governments. I, for one, am happy to report that in Ontario leadership has already been given in this field with the

appointment of a minister of reform institutions. This is a new portfolio established in Ontario, and is being filled by Mr. Dunbar, the former provincial secretary. Already extensive reform of the penal institutions of the province is under way. I hope that the energetic action by the Ontario government by way of reform of the penal institutions within that province will be matched by equally energetic action on the part of the federal Department of Justice.

In closing, I feel called upon to comment upon certain remarks made by some hon. members during the course of the debate. From what was said one might draw the inference that the problem of crime in Canada to-day is simply one of reforming penal institutions. That is just not so. The reform of penal institutions is but one phase of that problem. It is an important phase; let there be no doubt about that fact, but it is not the whole problem. We can have an extensive measure of reform of both of our provincial and federal penal institutions, and still fail to come to grips with the problem of crime at its source.

A discussion of causes of crimes at their source will probably not find all hon. members in full agreement. Attention has been called this afternoon to what has been described—and I think extravagantly—as a wave of crime in Canada. I for one want to state my opinion to this effect, that the essential cause of a great deal of that serious crime—indeed, the greatest cause of it—is the break-down in the home life of this country. One can talk endlessly about other factors which enter into this problem; but I repeat that the greatest cause of crime in Canada is the breakdown of family life.

Not long ago we had in Toronto a great tragedy arising from the slaying in cold blood of a merchant engaged in business in my riding. His store was entered by four youths of twenty, nineteen, eighteen and seventeen years of age respectively. Two of them entered with drawn guns, one shooting the man to death in cold blood. These youths were tried on a charge of murder, and the jury brought in a verdict of manslaughter.

What was the headline in the Toronto newspapers after that conviction? One of those headlines was based on statements given to the press by the parents of those unfortunate boys. "Unfortunate boys"—yes; but criminals, too. What did those headlines contain? Here is the headline which appears at page 3 of the Toronto *Globe and Mail* of May 17, "Gangster movies, depression, lack of housing blamed by parents of boys for Tobias slaying".

I would agree that quite probably each of those factors entered into the decisions of these boys to embark upon crime—gangster movies, depression and lack of housing. But the staggering fact, as anyone who reads the article containing the statements of the parents will find, is that not one parent took the slightest responsibility for what had happened. They blame these things outside the home. True, they referred to unemployment as having created unrest in the home, and undoubtedly that is so. I do not wish to be misunderstood on that point. I am an advocate of social reform, and hope I always shall be. But, to my mind, the shocking thing was that not one of those parents took the slightest blame or responsibility upon himself or herself for what had happened. Not one said, "Well, probably we should have done more to bring that boy up in the way he should go. Probably if we had spent more time with him, been more careful in our training of him, had seen that religion entered into his training and that he had gone to Sunday school and church it would have been different." But one finds not one word of that kind in the press conference held with the parents of these boys.

As against that I should like to read to the committee what I believe is sane and commonsense language as it is found in the statement made to these boys by the hon. Mr. Justice Keiller Mackay, a very distinguished jurist on the Ontario supreme court bench, when he passed sentence on them. I quote from the remarks of Mr. Justice Mackay as they appear in the *Globe and Mail* of Saturday, May 18:

"After a fair trial on an indictment of murder," said His Lordship, "you have been found guilty of manslaughter. Because of the vigorous defence accorded you and chiefly, to my mind, because of your youth, you have been narrowly saved the awful spectre of the gallows.

"During the last score and a half years, 100,000 Canadians have laid down their lives, and 200,000 more have been broken and bruised in defending the honour and maintaining the defence of this country, whose laws you have defied and whose institutions you have sought to debauch.

"Nor, indeed, can any thinking person blame the newspaper press, the theatre or literature for causing your crime. Nor is it the fault of the times. Never in history have there been so many opportunities for education and for social and other advancement. And in the last few years, there have been agencies looking for young men to employ. Attempting to lay the blame on the press, the theatre or literature is sickly and sloppy sentimentality.

"What is to blame is the criminal instinct and a craze for money and corrupt impulses. These must and will be restrained. I can hear someone say those are harsh words, but let that someone reflect that if his or her or their father, husband, mother, wife or child, was by a group

of armed robbers ushered into eternity in a twinkling, probably those words might not seem so harsh.

"You, one and all, engaged in a dreadful enterprise. I must and will do my duty as a judge and not permit sentiment to interfere with my judgment. You have been found guilty of a ruthless invasion and a ghastly crime."

I have touched on this subject to emphasize that important and urgent as is the need for reform of our penal system, it is not the whole answer to the problem of crime in this country. The problem of crime in this country cannot be resolved into mere questions of social influences outside the home. Those influences can be combatted if some attempt is made in this country to return to the sound standards of the Christian home.

Mr. COLDWELL: I did not intend to rise this afternoon, but in view of the discussion I thought I should like to say a word on this matter in connection with which I have had considerable interest ever since coming to parliament. Some of my colleagues have placed the views of this party before the committee and there is no necessity for me to reiterate what they have said. However, I should like to comment on what the last speaker has said.

It is quite true that the home has not played its part as it should have in the bringing up of families, but let us bear in mind that the destruction of home life in this and many other countries is not due entirely to the individuals who form those homes. It is due to the industrial and economic conditions amid which those homes have to exist at the present time. To my mind, society has a responsibility equal to that of the home. When I go into some of our cities I find that there are no places where boys and girls of adolescent age or young men and women may mingle together and engage in cultural activities. During the war I met many young western boys and girls who came to this city and who complained bitterly about how different it was from the small western communities from which they had come. There they could go to the schoolhouse in the evening and have a dance under decent conditions, whereas there was no place in this city to go except to some night club where the dancing was accompanied by liquor and all the rest of it.

During the war we did nothing to provide the kind of entertainment under the right circumstances that these young people need, and this has had something to do with the loosening of morals we have witnessed during the past few years. I am not disagreeing with my hon. friend, because I think the responsibility on the home is very great. As one who had something to do with young people for many years before coming to this House of Commons, may I say that I think the school also has some responsibility in this regard. Our educational system should provide more centres of community activity. We keep our schools closed after four o'clock and over the week-end; they are not used as they should be or as they are in some places.

I agree largely with what my hon. friend has said, but there are one or two comments I wanted to make. To-day we are not dealing with crime so much as with the penitentiaries. I was glad to hear what my hon. friend said about the new commissioner of penitentiaries, General Gibson. My hon. friend described him as being a man possessing broad human sympathies. That is a first requisite for this position. I do not know General Gibson, and I do not know what his qualifications are other than that he has had a distinguished career in the army, but I must confess that when the announcement was made I was disappointed because I had hoped that this appointment would be filled by someone trained in penology. An understanding of human nature and the possession of broad human sympathies may counteract any disability that General Gibson may have in regard to training, and I hope that this will prove to be the case.

I do not want to say anything derogatory about the staffs of our penal institutions, but there is another feature that I had in mind. These guards are chosen largely because they possess certain physical attributes and have had certain physical training. Probably a good physique is necessary for this work, but there is something more important. A guard in a prison should be trained in the handling of human beings just as an attendant in a mental hospital or a nurse in an institution is trained. After all, the cure of criminality is sometimes akin to the cure of a disease. Quite often a little human understanding and psychology will assist those who are engaged in this kind of work to help a criminal overcome his criminal tendencies.

I have had some experience in the handling of people generally and particularly younger people, and I know that you will quite often find young people who are not amenable to discipline, who are sometimes inclined to do things they ought not to do. I found that punishment was not the best way to handle delinquency. Quite often punishment raises in the mind of the individual punished a resentment and sometimes that resentment is carried into the wider field of the community. Instead of there being a personal animosity against the one who inflicts the punishment, quite often that animosity is against the whole

community. I never believed in corporal punishment and during my many years in educational institutions I did not use it. I have found that an understanding of psychology is the essential thing in the handling of any individual. I had hoped and I still hope that we shall be able to incorporate into our penitentiary system by and by men and women who will have been trained to handle the people in these institutions.

When I was in Great Britain a year or so ago I had the privilege of speaking to several people there who were interested in prison reform and had been to a large degree instrumental in bringing about reforms in the British penal system. They told me what they were doing in this matter. In recent days young university graduates who have made a study of psychology among other things, instead of volunteering as some of them did years ago to go down to Church House in Limehouse and give their lives to the underprivileged in the distressed slum areas, are devoting their lives to helping the people in the penal institutions. In accepting positions in these institutions they are doing the kind of job for society which in former days was done by ministers of the Gospel and by laymen, members of the priesthood, and others. The value to society of their contributions to the reclaiming of criminals cannot be overestimated. I hope that more and more in our penal institutions we may find a desire to train the personnel that we need. I do not say that all the personnel needs to be trained, but among them there should be at least a sprinkling of those who have made a study of psychology and personal relationships and can give leadership in the reclaiming of those who have been convicted of criminal offences.

One other thing I was going to say, and this does not affect the Minister of Justice to the same extent as it does the Ontario department. I have been disturbed over what I have heard from juvenile court judges and others of the lack of accommodation for adolescent delinquents. I am told that in this province, during the war particularly, when many of the government buildings were being used by the military, first offenders were often mixed with others who had quite a record of offences. That is something we should guard against. We should see to it that first offenders at least are given an opportunity of rehabilitating themselves and that they are kept segregated from confirmed criminals. Penal institutions for offenders serving short sentences should be so organized that young delinquents are not subjected to influences which tend to confirm them in a life of crime.

Mr. KIDD: If I may correct the hon. member, in Ontario hardened offenders serving two years less one day go to Burwash and the others go to Mimico or Guelph.

Mr. COLDWELL: During the war my understanding is that that was not possible.

Mr. KIDD: I served on a parole board for four years and I saw the men going to Burwash. They were the hardened offenders, drug addicts, and so on. The first offenders in nearly every case were segregated from the hardened offenders and sent to Mimico or Guelph.

Mr. COLDWELL: I hope the hon. member is right.

Mr. GILLIS: He is not right.

Mr. COLDWELL: I hope he is right, but some of those trying juvenile cases have told me to the contrary. This, however, is getting out of the minister's department. The plea I am making is that we endeavour to get on the staff of our penal institutions trained men and women who will make that their life work, not only because of the security that is offered to them but because of the opportunity they will have there for service to humanity, after training with the definite idea of going into these institutions and doing the job which I think should be done.

Mr. BLACKMORE: We have been talking for some time of great things to be done by and by. I wonder if we now might give a little attention to some of the smaller things we might do to-day. I have been sympathetic with the observations made thus far in the debate because I was really shocked not long ago to read a press dispatch from Montreal, dated April 14, 1946, which reads:

> Canadians were described as the "most cold-hearted people in the world" in their attitude toward prison reforms, in an address here by Judge Allan J. Fraser, judge of the Ottawa family court.
>
> Judge Fraser said Canadians are indifferent to prison conditions and neglect to give sufficient support to former prisoners trying to start life anew after serving their sentences.
>
> He vigorously condemned the Canadian prison system, especially the large number of inadequately equipped "county jails."
>
> Judge Fraser said a federal commission has been investigating penal institutions for a number of years but nothing has been done and deplorable conditions continue to exist. "Now I understand that a commission is investigating that commission," the Ottawa judge said.

Having read that, I thought I had been neglecting too much this matter of our penitentiaries, and therefore I have been giving it a little attention. I should like to ask the Minister of Justice several questions on details

of the internal administration of our penitentiaries. First, I would ask concerning the treatment of convicts in our penitentiaries who are mentally ill. I find on page 15 of the annual report of the superintendent of penitentiaries for the fiscal year ended March 31, 1945, this statement by R. M. Allan, warden of Kingston penitentiary:

> The situation governing facilities for the treatment of those suffering from mental diseases still remains a difficult and regrettable problem. This has developed due to the inability of the provincial authorities to accept convicts certified as mentally ill—they having to remain in the prison for extended periods without being able to receive proper and adequate treatment.

I take it that these words by the warden of Kingston penitentiary are probably applicable to a large percentage of the penitentiaries throughout the country. Is the minister in a position to tell us how many convicts in our Canadian penitentiaries have been reported as mentally ill? Has he an estimate of the cost of providing adequate facilities for treating them either by (a) grants-in-aid to certain of the provinces or by (b) erecting federal hospitals for mentally ill convicts? Has the minister any plans of his own for dealing with this problem? Would the minister care to comment on that?

Mr. ST. LAURENT: I would rather hear the list of matters the hon. member wants dealt with, and then deal with them seriatim. He asks how many mental cases there are in the penitentiaries. I would have to get that information. I know there are a certain number, but for most of these cases we have had valuable cooperation from the provincial health authorities. We have given consideration to the establishment of a ward in a penitentiary where treatment might be given to those mental cases, but there are not so many that it would be possible without very great expense per unit to provide all the treatment which it is advisable to have them receive, and up to the present time we have been able to make arrangements with the provincial governments to receive at our expense the persons who are our responsibility and to give them the treatment that is available in their mental institutions. I am informed that forty-five convicts are now receiving care in provincial asylums at our expense. In my experience of the last four and a half years there have been two or three occasions where the provincial authorities have advised us that they were overcrowded and could not at the time take prisoners who we felt should be removed to a mental hospital. I remember that on one occasion we were able to have the convict accommodated in the asylum of another province. At that time the matter of seeing if we could not provide for ourselves was gone into, and we came to the conclusion that while we would have to have such provision for care of various kinds the cost per unit would be very much more than it proved to be when that overhead could be spread over the patients who were a provincial responsibility as well as over those few who came from our institutions.

Mr. BLACKMORE: I believe that it would be quite advantageous to the committee if the minister would prepare a little fuller account of this matter and give it to us at a later time. What was going through my mind as the minister spoke was this: We will suppose there is a convict who is mentally ill; he is consigned to a penitentiary for three years. He serves his term, and he comes out of the penitentiary still mentally ill. That convict is likely to commit another grievous crime, and he must be taken care of by some provincial institution. Well, why not allow him to receive that mental treatment while he is serving his term, being punished perhaps for an aberration which was originally traceable to the existence of his mental disability?

Mr. ST. LAURENT: I have just endeavoured to make clear that that is what is done. As soon as it is ascertained that a prisoner in a penitentiary is in need of mental treatment efforts are made to have him taken into a provincial institution and receive that treatment at the expense of the federal authority. That is what is done. It sometimes happens that there is a little delay, but the hon. member knows that is true not only of convicts, but also of ordinary mental patients. Most of the mental institutions in this country are or have been during the last few years taxed to almost their capacity of accommodation, and it sometimes happens that there is some little delay; but a constant effort is made, as soon as it is ascertained that a convict requires care or mental hygiene, to have him accepted at a provincial institution at the cost of the federal authority.

Mr. BLACKMORE: The reason I mentioned the matter to the minister was, of course, as I indicated, that I found it in the report of Mr. R. M. Allan, warden of Kingston penitentiary, the statement I read into *Hansard,* indicating that in his opinion our treatment of the situation was not adequate. I will leave the matter at that. I think, though, that this is a matter which should be regarded with considerable seriousness; and evidently, from the minister's remarks, it is so being dealt with.

Mr. ST. LAURENT: We have engaged a psychiatrist who is constantly attending to the population of the penitentiaries of

Kingston and Collins Bay; elsewhere we have ordinary medical attendants, and whenever the medical attendant feels that there is occasion for it he is supplied with the assistance of a psychiatric expert.

Mr. BLACKMORE: I was not desiring to criticize the minister unduly. I realize that he is coping with a very big problem. It is one thing to tell about how these matters ought to be taken care of; it is another thing to get on the inside, looking out, and take care of them. I know that; I have had enough experience as a principal of schools to know something of the nature of this sort of thing.

There are one or two matters for which the minister should be highly commended or as to which his conduct of the penitentiaries should be commended. I noticed some matters of great interest to me pertaining to industry in prisons. It is my opinion that one of the best ways to keep anybody out of mischief, and one of the best ways to restore his poise and his health, physical, mental and spiritual, is to give him good, interesting work which he realizes is profitable. I find that a measure of attention has evidently been given to this matter in the penitentiaries. I find in the report on Kingston, at page 16, this statement, which I think is worthy of note by the members of the committee:

> As the policy of the department has curtailed construction generally, our shops have been geared to war work, and we have been fortunate in obtaining a sufficient number of government contracts to keep all convicts busily employed at useful and interesting work. With the end of the European war in sight, I have no doubt, difficulties will arise in retaining this market, however, it may be possible to arrange for the continuance of many of these contracts after the end of hostilities.

I believe the members of the committee will be quite interested in extended comments on the part of the minister with respect to policy concerning industry within the gaol. I wonder if I might ask him two or three questions bearing on this matter. Is the government actually curtailing construction at this time of shortages of goods? When all over we are talking about shortages and about the danger of inflation arising from these shortages, can it be that we are curtailing production in our penitentiaries, as is indicated by this statement? Of what kinds of goods is production being curtailed, and what plans has the government for keeping convicts busily employed at useful and interesting work when their efforts are no longer required in filling war contracts? I realize that this again takes the minister at a disadvantage, but it deals with matters which I find extremely interesting.

Mr. ST. LAURENT: I am glad to be able to say to the hon. member that the construction which we are curtailing is construction which would require the use of building material. We gave instructions to curtail to the greatest possible extent the acquisition of building material, because we believed that it was more urgently required for other purposes. There has been no curtailing of the production in the manufacturing efforts of those confined in the penitentiaries.

I fully agree with the hon. member that one of the best things to do is to keep the men busy and you cannot keep them busy just tearing up things. You must make them feel that they are doing something that is worth while. On the other hand, we cannot, of course, incur the reproach of having prison labour compete with industries outside. But there is at the present time such a shortage of goods of all kinds that we can keep our population in the penitentiaries fully occupied even if everything they produce were going only to government agencies, and I feel no hesitation whatsoever in supplying government agencies with things produced in the pentitentiaries.

Mr. BLACKMORE: I entirely agree with the minister and I believe the time has probably come when we must use a sort of educational propaganda to cause the people to be less resistant to the products of prison labour. The people must come to understand that there is a problem in the prisons that calls for solution. I am still a little disturbed because the writer of this report said he wondered whether the government would be able to find markets after the war, but the minister has reassured me that all the product of the penitentiaries can be used in supplying the needs of government departments, and I wish to express commendation to him for his answer in that respect. I should like very much to see the good and useful work of prisoners extended so that skills can be acquired and the joy of accomplishing things can be learned in prison. I have an idea that one of the causes of crime is the fact that people have never learned the sweetness of service and how good it is to do well a job that is worth doing, to be able to look back after the day's work upon the thing accomplished. If men had done that I do not believe they would have gone into crime.

There are two or three things I should like to point out in connection with the report. I have found certain things particularly interesting with respect to certain penitentiaries. I believe that those men who are conducting the penitentiaries, living a life of sacrifice and almost of ostracism by

the community roundabout, feel a sense of frustration because no one ever knows about the good work they do. I think it is in order that the pages of *Hansard* should record some of what is set out in this report on penitentiaries. I should like to draw attention to some of these things but I do not know whether there is time now. If there is not I can wait until we are discussing the matter again, because it looks as though we shall soon hear from the Black Rod.

Mr. ST. LAURENT: I would ask that the committee rise and report progress and ask leave to sit again.

Mr. STIRLING: This day?

Mr. ST. LAURENT: This day if there is time after the speech of the Minister of Finance, but I do not anticipate there will be.

Mr. SPEAKER: Later to-day. As the Speaker has to come back to the house from the senate to read a message I would ask hon. members to be good enough to return in order that we may have a quorum.

THE ROYAL ASSENT

A message was delivered by Bonner Larose, Esquire, acting as assistant to the Gentleman Usher of the Black Rod, as follows:

Mr. Speaker, His Honour, the deputy of His Excellency the Governor General, desires the immediate attendance of this honourable house in the chamber of the honourable the Senate.

Accordingly, the house went up to the Senate.

And having returned.

Mr. SPEAKER informed the house that the deputy of His Excellency the Governor General had been pleased to give in His Majesty's name royal assent to the following bills:

An Act for the relief of Juliana Edmonda Isabella Ferdinanda Becquaert de Beaujeu.

An Act for the relief or Margaret Penelope Brown.

An Act for the relief of Marion Cruickshank Isaac.

An Act for the relief of Malvina Angelina Seguin Gascon.

An Act for the relief of Nora Kathleen Loury Cheverton.

An Act for the relief of Elsie Fisher Armitage.

An Act for the relief of Florence Mabel McIntosh Simpson.

An Act for the relief of Francis Gordon Sullivan.

An Act for the relief of Minerva Jane Cory.

An Act for the relief of Esther Irene Lind Booth.

An Act for the relief of Katie Hoffman Pinsky.

An Act for the relief of Dorothy Adams Acer McDougall.

An Act for the relief of Helen Douglas Stewart Rankin.

An Act for the relief of Olive Esther Rose Ewen.

An Act for the relief of Andrew Prem-Das.

An Act for the relief of Marie Evelyn Dormer.

An Act for the relief of Reginald Wesley Titcombe.

An Act for the relief of Hilda Forsey Pearce Johnston.

An Act for the relief of Ann Low Fuller Mitchell.

An Act for the relief of Marguerita St. Catherine McKeigan Guillevin.

An Act for the relief of Bessie Goldrosen Green.

An Act for the relief of Audrey Helen Jackson Maxham.

An Act for the relief of Frank Russell Yeoman.

An Act for the relief of Florence Joy McGibbon Lafleur.

An Act for the relief of Isobel Cameron McLaggan Oswald.

An Act for the relief of John Louis Charlebois.

An Act for the relief of Margaret Ruth Weir Allan.

An Act for the relief of Georgina Hylda Swaffield McKenzie.

An Act for the relief of Dorothy Ellen Cope Kimpton.

An Act for the relief of Vera Harriet May Kinghorn Hodgson.

An Act for the relief of Charles Patrick Kavanagh.

An Act for the relief of Irene Gertrude Carry Staley.

An Act for the relief of Ruby Rosina Burnett Walters.

An Act for the relief of Winnifred Violet Unsworth Thomas.

An Act for the relief of Helen Louisa Willcox Reid.

An Act for the relief of Richard Carter Eaton.

An Act for the relief of Annie Coyle Frances.

An Act for the relief of Beatrice Irene Moore Hawes.

An Act for the relief of Laura Lillian Butler May.

An Act for the relief of Gladys Ethel Standring Weldon.

An Act for the relief of Elizabeth Maude Foy Gage.

An Act for the relief of George Burley Beresford.

An Act for the relief of Isabelle Eleonora Cantlie Angus.

An Act for the relief of Albert Stuart White.

An Act for the relief of Edward Mortin Montgomery.

An Act for the relief of Evelyn Clare Ward Davis Murray.

An Act for the relief of Esther Genevieve Johnson Potter.

An Act for the relief of Wanita Winifred Ellerton Upton.

An Act for the relief of Joseph Victor Emile Tasse.

An Act for the relief of Roland Taillon.

An Act for the relief of Frederick Albert Johnson.

An Act for the relief of Joseph Francois Georges Landry.

An Act for the relief of Dorothy Ruth Bennett Macnutt.

An Act for the relief of Anne Levy Marder.

An Act for the relief of David Ritchie McEwen.

An Act for the relief of Marie Jeanne Antoinette Bastien Cadieux.

An Act for the relief of Gwenyth Lorraine Madge Popkin.

An Act for the relief of Louise Jocelyn Wolfrey Black Griffin.

An Act for the relief of James Delmer Thomas Kirton.

An Act for the relief of Helen Sylvia Stacey Thompson.

An Act for the relief of Kay Florence Smart Gardiner.

An Act for the relief of Zoita Tehanciuc Moldovan.

An Act for the relief of Ambrose Keble Fred Vernham.

An Act for the relief of Clermont Gendreau.

An Act for the relief of Beatrice Lydia Ogulnik Goldin.

An Act for the relief of Harry Dyce.

An Act for the relief of Alastair Trenholme Levat Fraser.

An Act for the relief of Elsie Rachel Silverson Ward.

An Act for the relief of William Joseph O'Sullivan.

An Act for the relief of Dorothy McLelland Hamilton.

An Act for the relief of Violet Maude Griffiths Barraclough.

An Act for the relief of Norman Peter Gray.

An Act for the relief of Andrew Kovacs.

An Act for the relief of Eda Margel Sand.

An Act for the relief of Lucille Eileen Piche Perrier.

An Act for the relief of Bertha Lipshitz Joslove.

An Act for the relief of Ernest Leslie Maddock Jones.

An Act for the relief of Marie Komyati Sznyitar.

An Act for the relief of Irene Renee Levey Ritchie.

An Act for the relief of Alexander Marr Meldrum.

An Act for the relief of Ottocar Fiedler.

An Act for the relief of Kathleen Regan Griffiths.

An Act for the relief of Eliza Ritchie McDerment.

An Act for the relief of Ruby Eileen Baker Jones.

An Act for the relief of Ralph Samuel Currie.

An Act for the relief of Simone Tardif Laverdure.

An Act for the relief of Max Schacter.

An Act for the relief of Mary Walker Tiffney.

An Act for the relief of Margaret June Purdy MacKinnon.

An Act for the relief of John Rae.

An Act for the relief of Nellie Mugford Brumby.

An Act for the relief of Edith May Hort Search.

An Act for the relief of Alexander Thompson Powell Scott.

An Act for the relief of Frances Eleanor Miller Foster.

An Act for the relief of Mary Kathleen Maloney Rassie.

An Act for the relief of Mildred Florence Rooke Cochrane.

An Act for the relief of Eileene Ruby Aspell Stinson.

An Act for the relief of Edna Bookalam Howick.

An Act for the relief of Berthe Alice Cardinal Reid.

An Act for the relief of Elizabeth Jean Warden Leupold.

An Act for the relief of Thomas Bryson Beakes.

An Act for the relief of Lila Edna Page Kennedy.

An Act for the relief of Ernest Crete.

An Act for the relief of Pauline Hellier Kirsch.

An Act for the relief of Wilfred Fields Benlow.

An Act for the relief of Thomas Allan.

An Act for the relief of Martta Haavisto Aaltonen.

An Act for the relief of Rhona Gertrude Paikowsky Munn.

An Act for the relief of Arthur Joseph Hubbard.

An Act for the relief of Eleanor Hibbard Howe.

An Act for the relief of George Graver.

An Act for the relief of Malcolm Ernest Bigelow.

An Act for the relief of Mary Epstein Harris.

An Act for the relief of Helen Irene Flewelling Wilson.

An Act for the relief of Maitabel Horwitz Hollander.

An Act for the relief of Pauline-Gisele Guennette Villeneuve.

An Act for the relief of Mary Jaclyn Robinson Jeffrey.

An Act for the relief of Jessie Hope Forbes Hardie.

An Act for the relief of Robert Venor.

An Act for the relief of Lillian Audrey Atkinson Jackson.

An Act for the relief of Bernard Cook.

An Act for the relief of Estelle R. Warhaft Slobod.

An Act for the relief of Alexander Fitz Ormonde Spooner.

An Act for the relief of Eleanor Williams.

An Act for the relief of Joseph Henri Veaudry.

An Act for the relief of Amelia Jezik Pascas.

An Act for the relief of Cyril Mackie.

An Act for the relief of Carol Gordon Cass Planche.

An Act for the relief of Eveline Richmond Sykes Lacoe.

An Act for the relief of Miriam Vineberg Perel.

An Act for the relief of Paul Krawchuk.

An Act for the relief of Henry Arthur Creates.

An Act for the relief of Stephanie Tymchuk McLean.

An Act for the relief of Annie Spivack Prosterman.

An Act for the relief of Kenneth Edwin Morrison.

An Act for the relief of Almeda Mabel Hartry Ritchie.

An Act for the relief of Margo Ismena Graydon Heubach.

An Act for the relief of Erika Gossen Tenzer.

An Act for the relief of Isabel Greenshields Biggs.

An Act for the relief of Henri Edme Bernard.

An Act for the relief of Nellie Harrison Andersen.

[Mr. Speaker.]

An Act for the relief of Marie Irene Clementine Elizabeth Ash.

An Act for the relief of Alexander Grant.

An Act for the relief of Thomas Beach.

An Act for the relief of Fanny Miller Astrofsky.

An Act for the relief of Grace Ellen Rafter Munro.

An Act to amend the Act incorporating The National Council of Women of Canada.

An Act to incorporate Evangelical Churches of Pentecost.

An Act to incorporate the Executive Board of the Church of the Nazarene.

An Act respecting Citizenship, Nationality, Naturalization and Status of Aliens.

An Act to amend the Feeding Stuffs Act, 1937.

An Act to amend The Naval Service Act, 1944.

An Act for granting to His Majesty certain sums of money for the public service of the financial year ending the 31st March, 1947.

At six o'clock the house took recess.

After Recess

The house resumed at eight o'clock.

THE BUDGET

ANNUAL FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

Right Hon. J. L. ILSLEY (Minister of Finance) moved:

That Mr. Speaker do now leave the chair for the house to go into committee of ways and means.

He said: Mr. Speaker, in presenting the last budget to this house on October 12, I emphasized that, although hostilities were over, it must still be regarded as a war budget, providing as it did mainly for war expenditures during the fiscal year 1945-46. The budget which I now have the honour and duty to place before the house is essentially a peacetime budget, providing for the financial needs of the first post-war year which is wholly a year of peace, although these needs include also certain remaining costs of demobilization and heavy costs for gratuities and other benefits to our veterans, costs that will not recur on a similar scale in subsequent years.

In reviewing the background against which this budget is projected, I do not propose to look further back than the period of demobilization and reconversion. A review of our war finance and of our other economic policies and

activities during the war would remind us of many achievements in which Canadians may justly take pride. I referred to some of them briefly in the budget of last October. We plan to provide the important figures of our war finances in convenient form for reference in the next issue of the public accounts. The data regarding government financial operations during the last fiscal year, that is to say, the year ending March 31, 1946, I have set forth in a white paper which I shall table at the conclusion of my remarks and which will be printed as an appendix to the budget for the convenience of the house and the public.

As this white paper gives voluminous detail in regard to the revenues, expenditures and the other transactions and accounts, it will be necessary for me to refer only to some of the highlights in the record for the past fiscal year. The figures quoted, by the way, will not be the final figures; they are close estimates subject still to certain minor adjustments and to one major alteration in connection with the United Kingdom financial agreement, which I shall explain in a moment. In this connection, I should perhaps mention that the accounting adjustments and offsetting transactions required to complete the settlement of various war accounts have been particularly numerous this year, including for instance many transfers of payments originally made as advances on account or out of working capital funds to the final account to which they should be charged in our books.

Total revenues, including refundable taxes, amounted to $3,028 million, a slight increase from the revenues of the previous year. Accounting in part for this high total is the sum of $593 million under the heading, "Special receipts and other credits". While this includes some such readily understandable items as the net income of the Canadian National Railways, the earnings of Park Steamships Limited, the proceeds of sales of surplus crown assets, etc., it is made up in considerable part by refunds of previous years' expenditures and other essentially bookkeeping transactions arising out of the war. For instance, amounts previously paid by the Department of Munitions and Supply to contractors as advances or working capital are now being finally charged to the department or agency which received the supplies. Such refunds of previous expenditure must be brought into revenue but at the same time there are some corresponding and offsetting increases in expenditures. Too much significance therefore must not be attached to the over-all total of revenues, and the deficit is, of course, not affected by these offsetting transactions.

More significant is the total of ordinary revenues which amounted to $2,436 million, a decrease of only $84 million from the previous year. Total tax revenues are now estimated to have been $2,275 million, which is about $100 million less than in the preceding year. However, this figure includes only $73 million of refundable taxes as compared with $220 million in the preceding year, so that if we consider net taxable revenues we obtained about $48 million more in 1945-46 than in 1944-45, despite the substantial tax reductions made in the budget of last October. If we look at the yield of individual taxes, we find decreases in the revenue from the personal income tax, the corporation tax and excise taxes, and increases in the yield of the excess profits tax, succession duties, customs import duties and excise duties. But I shall not weary the house with the statistical details. The decline in the yield of excise taxes was more than accounted for by the abolition of the war exchange tax; most of the other special excise taxes showed increases, offsetting to a considerable extent the decline in the sales tax, which arose from the broad exemptions introduced last year for building materials and various types of goods entering into production costs.

Non-tax revenues increased by about $15 million to a total of $160 million. As the house knows, most of this revenue is derived from post office receipts and from the return on investments, both of which sources of revenue have shown a steady increase in recent years.

Ordinary expenditures for the year are estimated at $1,062 million, an increase of $295 million from the preceding year. This substantial increase is largely accounted for by an increase of $97 million in the cost of servicing the public debt and by the introduction of family allowances, which involved a cost of $173 million during the fiscal year.

War and demobilization expenditures for the year are shown at a total of $3,558 million. This total includes the offsetting bookkeeping charges that correspond to refunds included in special receipts arising from the adjustment of earlier expenditures made as advances by the Department of Munitions and Supply and finally charged to the departments and agencies receiving supplies. Expenditures by the army, navy and air force amounted in the year to $1,707 million, as compared with $2,938 million the previous year. These service expenditures included heavy costs of repatriation and demobilization, as well as settlement of arrears of charges incurred in previous years of active warfare. The expenditures of the Department of Muni-

tions and Supply and Reconstruction amounted to $263 million, including the item of $145 million for the costs of termination of war contracts following the end of hostilities. Expenditures to provide Canada's contributions to UNRRA amounted to $143 million, completing the total of $154 million which we agreed to provide. Mutual aid expenditures, including the settlement of outstanding accounts for deliveries in the previous year and the cost of some supplies and aircraft on hand and surplus at the end of hostilities, amounted to $772 million. Expenditures for supplies for military relief amounted in the year to $34 million, for which bills are being rendered to the governments of the recipient countries by the combined military authorities. War expenditures of the Department of Veterans Affairs (including the costs of gratuities, reestablishment credits, rehabilitation benefits, treatment and pensions) amounted to $328 million, nearly three hundred million more than in the previous year. All war expenditures other than those already mentioned amounted to $311 million, of which various subsidies on agricultural products and subsidies to maintain ceiling prices amounted to about $192 million.

We have not as yet included in the figures of war expenditure the $425 million represented by the cancellation of accumulated liabilities of the United Kingdom under the British commonwealth air training plan. Although this was provided for in the financial agreement with the United Kingdom, the relevant article of the agreement and the section of the act implementing it have not yet been put into effect, pending action by the United States Congress on the Anglo-American financial agreement. They will be put into effect, however, immediately after approval is given to that agreement, which is now at an advanced stage of congressional consideration. The result will be to extinguish this item now listed on our balance sheet as an advance to the United Kingdom, and to increase the figure of war expenditures for 1945-46 by a corresponding amount. This is the major change which I expect to see in our final accounts for the year, as compared with the estimates now presented.

Special expenditures increased by about $10 million, largely due to an increase in advances to the prairie farm emergency fund. Capital expenditures, losses of and non-active advances to government-owned enterprises and other charges remained practically unchanged. For the sixth year in succession an amount of $25 million was added to the reserve for possible losses on ultimate realization of active assets.

[Mr. Ilsley.]

The grand total expenditures for the year amounted to $4,691 million, a decrease of $555 million from the preceding year. As total revenue, exclusive of refundable taxes, was $2,955 million, the over-all deficit for the year was $1,736 million, a figure approximately $822 million lower than the deficit of the previous year. This amount is, of course, the extent of the increase in the net debt during the fiscal year.

Our financial requirements for loans, advances and investments, which amounted to a total of $666 million, are set out in some detail in the white paper. This was more than $200 million larger than in the previous year, due to very large advances to the foreign exchange control board and loans and advances to allied governments.

Total borrowings during the year, excluding the renewal of treasury bills, deposit certificates and short term notes held by the Bank of Canada, amounted to $3,750 million. Of this huge total, the great bulk was obtained from the two highly successful victory loan campaigns. In the eighth victory loan, during the spring of 1945, a total of approximately $1,564 million was obtained, made up of 3,178,275 subscriptions. In the ninth loan, floated in October and November, total subscriptions amounted to $2,025 million and numbered 2,947,636. These two highly successful loans marked the climax of the work of the national war finance committee, to whose able leadership I have frequently paid tribute. Our other borrowing during the year took the form of refundable taxes, an increase of $70 million in treasury bills, the sale of war savings certificates and stamps, and a modest increase in the floating debt. During the year we redeemed for cash securities of a par value of $916 million, including $155 million in U.S. dollar securities. Details of borrowing operations and redemptions are given in the white paper. Our holdings of cash in Canada increased by $536 million during the year, accounting in considerable part for the large total of borrowings. The cash deficiency during the year—that is, the net amount borrowed to finance expenditure, loans and investments, and not to redeem debt or add to balances in Canada—amounted to $2,452 million, as compared with $2,955 million the previous year.

There was one important development in our borrowing operations and policy which should be mentioned. As I announced on February 27, the government reduced the rate of interest on deposit certificates sold to the chartered banks after that date from $\frac{3}{4}$ of 1 per cent to $\frac{5}{8}$ of 1 per cent, and has arranged with all the chartered banks that

the holdings by each bank of government securities other than these deposit certificates and treasury bills or notes will be limited in amount to the equivalent of 90 per cent of its Canadian personal savings deposits and will be so selected as to maturity as to yield on average an interest rate which gives them only a moderate profit margin over the cost of interest and other operating expenses on these savings deposits. This constitutes an important development in monetary policy and government finance; it means that monetary expansion through the purchase of government securities by the chartered banks will not result in more than a modest profit margin for the banks on such new assets and liabilities. During the war we were able to accomplish this objective, in substance, through the large scale use of deposit certificates and informal arrangements for their distribution to the various banks. This new development will enable us to continue to obtain in peace time the advantages of low cost short term borrowing from the banking system.

As at March 31, 1946, our total unmatured funded debt, including refundable taxes, amounted to $16,807 million as now estimated. The net debt was $13,034 million, which reflects, of course, an increase during the year of the amount of the budgetary deficit. The funded debt carried annual interest charges of $436 million. The average rate of interest was 2·59 per cent, as compared with 2·51 per cent as at March 31, 1945, the slight increase being due to the fact that most of the addition to our debt during the year took the form of 3 per cent victory bonds.

The white paper which I am tabling to-night and which will amplify the brief summary which I have just given, deals at length only with the government accounts. Next year I hope to be able to present additional information of broader significance, showing how the government accounts and activities have fitted into those of the nation as a whole. Already the house will probably have noted the interesting and significant figures of national income, production and expenditures which have recently been prepared by the dominion bureau of statistics in cooperation with other departments and agencies of the government. By next year I hope we shall have both the basic statistical data and the staff necessary to prepare for presentation at the time of the budget figures showing the way in which the government expenditures, revenues and financing relate to the accounts and economic activities of the nation as a whole, and this should help in understanding and appraising the effect of the government's expenditures and its budget proposals upon the economic life of the community.

I have so much else that I must speak about in this budget that I propose to comment only very briefly on the economic situation. In any case, immediate economic considerations are of less importance in determining our present proposals than longer term economic policy and the necessities of dominion-provincial relations.

We find Canada to-day more prosperous and further along the road of reemployment and reconversion that we could reasonably have expected last autumn when I presented the previous budget. Despite many shortages and interruptions, our economy as a whole has turned with remarkable speed from war service and work to peacetime jobs and objectives. We are enjoying a level of employment and prosperity that we have never experienced before in peace time. For that, in the hungry and devastated world of to-day, we should be thankful. On the other hand, we do not have the spirit of agreement, of cooperation and mutual confidence that we had hoped for; on matters of public policy we do not seem to have found the peacetime equivalent to the "win-the-war" objective that kept us united and strong during the war and enabled us to reach high levels of national achievement. I need not comment on the international or industrial difficulties and disagreements. In a field much closer to home, and immediately affecting this budget, we find now that our previous hopes for a comprehensive agreement between the Canadian and provincial governments have not been realized. Lacking an agreement that would have enabled us and the provincial governments to make plans with confidence and boldness, we must now proceed more cautiously, thankful that the present prosperity makes many of our problems less urgent for a short time.

When the war ended in Europe, slightly more than a year ago, there were three-quarters of a million men and women in our fighting forces. Now there are only about one hundred thousand; in little more than a year we have released about six hundred and fifty thousand. Of these, the large majority have found employment, or are taking university or vocational training, or have gone into business for themselves, assisted by their wartime savings and the many benefits provided for veterans. In the same period—but even more suddenly—our workers in war industry were released upon the labour market. The number is roughly the same as that of servicemen demobilized. All told then, about

one Canadian in four who work for a living has been released from war activities. Several hundred thousand of them—married women, old people and students—have left the labour market. Some others are unemployed, unable to find work which they can and will undertake—although there are more than one hundred thousand unfilled jobs. The rest—the majority of the servicemen and war workers—are busy at work now in industry, trade, farming or elsewhere. Despite shortages and interruptions, peacetime production and trade have expanded rapidly and absorbed most of those seeking work with remarkably little difficulty. The number of unemployed is only about 200,000 at last report, and with the best season for employment still ahead. This compares with about 75,000 unemployed and seeking work immediately after the end of the war in Europe. This 200,000 is only about 4 per cent of our total labour force, at a time when changes in occupation are going on rapidly, and when it is difficult for men to move to the jobs that are now available.

The rapid and successful demobilization and reemployment of man-power has been accompanied and, to some extent made possible, by the rapid technical reconversion of industry. War equipment was removed and replaced by equipment for civilian production in a great many plants with relatively little delay or difficulty. When the change-over has involved or been accompanied by modernization or extension of civilian production facilities, there has been greater difficulty and delay, due to shortages and competing demands in the United States and abroad.

In 1944 the total market value of all our current production and services—what the statisticians call our "gross national product"—reached a wartime peak of about $11¾ billion, compared with a value, at lower prices, in 1938 of about $5·1 billion. Thus, the effect of the war, including the effect of price increases, was to more than double our gross national production. We do not know, of course, what the final figure will be for the current year, but so far it has been running at about $11 billion—although that level may be pushed down as a result of interruptions to production.

Our present prosperity and employment are also on the whole well distributed throughout the country. There are some areas which have suffered from crop failure or from the disappearanee of unusual wartime industrial or other activity, and which are experiencing temporary difficulties or a period of readjustment to more normal conditions, but there are surprisingly few of them.

[Mr. Ilsley.]

The reason for the continuing high levels of production, employment and incomes, is that the demands of war, represented by war expenditures which have fallen from a huge total a year ago to a small fraction of that to-day, have been replaced by other demands which, though less insistent and insatiable, are nevertheless large and urgent and backed by effective purchasing power.

Our income from exports is the most important factor determining our prosperity and employment in peacetime. During the war our exports reached fantastic levels, largely financed by war expenditures directly as through mutual aid, or indirectly, through what our forces spent abroad. These war exports included many of our staple products—foods, metals and other raw materials—but consisted largely of war products, guns, planes, ships, vehicles, ammunition, radar sets and other manufactured war equipment. Now, of course, the exports of these war supplies have almost entirely disappeared. But the exports of food and raw materials continue at high levels, and exports of civilian manufactured goods—locomotives, trucks, railway cars, ships, and machinery—are replacing those of war supplies, and helping to maintain our export trade, and therefore export incomes, at levels far above pre-war even though below the wartime peak. This is the main factor in the maintenance of our national production and employment.

While the need of overseas countries for our exports is enormous and urgent, most of them can only buy from us on credit. It is vitally important for the future development of our trade that these countries, particularly Britain and the countries of western Europe, should be able to buy our foodstuffs, metals, other raw materials and some of our new manufactured products, in order to reestablish their economic life and emerge as great trading nations providing markets for our goods. On our side, it is important to maintain export production and income while war expenditures decline and until normal trade, both domestic and international, is fully reestablished. Therefore the government has undertaken a large programme of export credits, which from the economic point of view is replacing our war expenditures by government investments, on which we shall earn a return in future years.

The second powerful influence maintaining employment and production, despite the decline in war expenditures, is private expenditure of a capital nature, including building and construction, the purchase of new equipment and machinery, and the accumulation of stock in trade. In this general field there has apparently been a substantial increase in expenditure over the levels of last year. There

is a large amount of private capital seeking investment in new building, plant and equipment, but the amount of expenditure of this kind is severely limited now by shortages of materials, parts and manufacturing capacity. In the building and construction field particularly, shortages of building materials, and to a lesser extent the shortage of skilled labour, are seriously restricting the provision of housing that is most urgently needed, as well as other forms of construction, particularly commercial and industrial buildings. It is to be hoped that this industrial and commercial expenditure that cannot readily be made now will be deferred a year or two, when it will help in sustaining high levels of employment and incomes after other temporary stimulants are less strong.

The third offset to the decline in our war expenditures has been a substantial increase in the expenditures of consumers. At present a great many consumers have on hand large reserves of savings which they accumulated during the war, and some of which they wish to spend when the goods they want become available. Moreover, the proportion of their incomes which people have spent on consumption during the war has been abnormally low and will increase—both because they will not try so hard to save as under the pressure of war and because the proportion of income taken as taxes has been abnormally high. Now we may expect people to spend more of their incomes—and they are trying to do so. In addition, there has been the effect of the expenditures on family allowances, to which I have already referred. These payments commenced shortly after the end of hostilities in Europe, and immediately offset a part of the rapid reduction which then took place in our war expenditures. Of even greater importance in its current effects, we have been operating a comprehensive and generous system of gratuities, benefits, reestablishment credits and other assistance for those leaving the armed services. I doubt if the house or the public realizes the large size of the sums involved in this programme. During the fiscal year for which we are now budgeting, these various payments to or on behalf of veterans as already provided for in the estimates, will add up to $620 million, and this figure omits the amounts paid by the services themselves for leave on discharge, deferred pay, clothing allowances and similar benefits. Nearly a quarter of all our expenditures this year will be directly for the benefit of veterans and their families. This year, of course, is the peak period, but these veterans' expenditures have been building up rapidly as war expenditures proper have declined, and have constituted a powerful influence increasing the total of what consumers have been trying to spend.

In fact, of course, consumers' expenditures continue to be limited and determined by the goods and services that are available to meet the demands. The available information indicates a moderate increase in these expenditures during recent months and a more substantial increase in employment in the industries supplying the consumer, particularly in trade and the service industries.

The fourth influence offsetting the decline in our war expenditure has been a modest increase in the non-war expenditures of governments and municipalities—and in this I refer to their expenditures on supplies and services. In the case of the dominion government we have deliberately endeavoured to keep this increase to the minimum required by urgent post-war projects, and in particular we have pruned our public works and other construction programmes drastically in order to avoid demands on building materials and building labour urgently required for housing. I hope that provinces and municipalities will find themselves able to follow a similar policy at this time when the housing situation is so acute. Apart from projects that compete with building, however, there are many increased expenditures by governments and local bodies which it is important to proceed with as soon as possible after the war, and the result has been a gradual increase since last summer in government expenditures that give rise to employment and production.

While I hesitate to venture into the field of forecasting economic developments in a world as chaotic and eventful as the one we are living in at the present time, it appears that these major influences which have maintained a high level of expenditures for Canadian goods and services despite the reduction in war expenditure will persist for the remainder of this fiscal year, and beyond it, unless further difficulties arise to retard production. If these difficulties can be avoided, then I think we may reasonably expect a level of expenditure adequate to maintain a high level of employment and production through the year. Indeed, the pressure of expenditure at the present in many fields is so great that action by the government and others is needed to prevent rapidly increasing prices and the development of inflation.

The pressure on prices is still very strong. The scarcity of goods in relation to spending power is less than during the last few years, because there are more goods and services available for sale, both from larger production and imports and from the decline in the purchases of goods for war purposes. On the

other hand, purchasers have incomes nearly as high as in wartime, accumulated savings on hand at levels never before approached, and a greater disposition to spend now that the war is over. All this tends to pull prices up. Prices are also getting pushed up from below by increases in costs, increases in the cost of imported materials and parts, increases in fuel costs, increases in wages, and higher overhead costs when output is restricted.

We must resist this pressure towards higher prices and keep the increases within reasonable limits. During the war, as a result of strenuous efforts and the effective cooperation of the Canadian people, we succeeded in keeping prices under control and avoiding inflation. It would be the greatest folly now to dissipate the fruits of our efforts by letting prices get out of hand, by letting inflation set in when the battle is nearly over. Adjustments are necessary now, and many of them have been made. Some increases in prices and wages have been essential, and some others have been tolerable. We believe it is wise, and practically necessary, gradually to relax and remove the controls which made up our stabilization programme. Price ceilings are being raised here and there where conditions permit, and suspended altogether in some cases where no serious harm seems likely to result. Wage and salary control has been made more flexible to permit adjustments that are necessary, or that are justified on grounds of equity. But this relaxation is intended as a deliberate, orderly programme of decontrol and not as an invitation to a mad scramble for higher prices and wages in which we shall all suffer. So far, most Canadians have on the whole shown a sensible restraint in seeking adjustments of prices and wages. Now that we are relaxing our controls, we must look to all important groups and their leaders to act with sense and discretion and a due regard for the results of their actions upon others. I am sure that all members of this house would regard inflation now as a dismal tragedy, coming at the end of what has been an outstanding record of success in dealing with the economic problems of war.

The real answer, the constructive answer, to the inflationary pressures existing at this time is to work and produce the goods that are wanted in greater volume, so that our greater buying power will result in more goods at reasonable prices, rather than fewer at higher prices. To business men in particular I would like to address a plea that they do all in their power to hold prices down and get volume up, over this next critical year. The purchasing power represented by wartime savings will go further and our prosperity will be more permanent, if prices can be kept down. Canadians, before long, must expect to meet competition in export markets and in their own markets from the exports of other countries. We wish to enter that long period of competition with the advantages of low costs and volume production, so that high employment can be maintained and a high real standard of living.

Production then should be our primary objective both for its own sake in a world that needs goods so badly, and as a safeguard against the present danger of inflation. We should aim now at high volume production for civilian purposes despite shortages, strikes, delays and uncertainties, high volume production rather than high prices as a source of income and profits. No longer must civilian production be restricted in order to conserve resources for war. It can now receive first priority.

BUDGET FORECAST 1946-47 AND FINANCIAL PROPOSALS

It is with this view of the current economic situation and the prevailing trends that I have approached the primary purpose of this budget, namely, the formulation of financial proposals to meet the requirements of the current fiscal year 1946-47 and the months immediately following the close of the year.

As the house knows, the main estimates for the current fiscal year, covering both ordinary expenditures and expenditure chargeable to demobilization and reconversion, involve an expected outlay of $2,769 million. We have found from experience, however, that there are likely to be savings in any financial programme of that magnitude, although of course it is impossible to say beforehand in respect to what items the savings will actually be made. On the other hand, payments to veterans, chiefly veterans' credits, have been running in recent months at higher levels than were anticipated when the main estimates were prepared. My own forecast is that apart from any substantial increase in this item and assuming no new commitments of a major character, the total savings will be sufficient to allow for any supplementary and further supplementary estimates which it may be necessary later in the year to ask the house to approve.

On the revenue side, it is estimated that under our tax laws as they now stand, total revenues in 1946-47 will approximate $2,510 million as compared with $2,956 million in the last fiscal year. I shall place on *Hansard* a table showing the details of this estimate in comparison with the revenues of 1945-46:

	Forecast Fiscal Year 1946-47 (millions)	Actual Fiscal Year 1945-46 (millions)
Customs duties	$ 183	$ 129
Excise duties	195	187
Sales tax (net)	250	212
War exchange tax	...	41
Other excise taxes	259	244
Income tax:		
Personal	640	692
Corporate	210	218
Excess profits tax	340	494
Interest and dividends	30	28
Succession duties	24	21
Miscellaneous	9	9
Total tax revenue	2,140	2,275
Less refundable taxes	...	73
Net tax revenue	2,140	2,202
Non tax revenue	170	161
Total ordinary revenue	2,310	2,363
Special receipts	200*	593
Total revenue	$2,510	$2,956

* Arbitrary estimate.

On these estimates which are believed to be conservative, there will be a decline of $446 million in our revenues this fiscal year compared with last, but most of this expected decrease comes from assigning to special receipts an arbitrary estimate of $200 million as compared with last year's corresponding figure of $593 million which, as I have already explained, is inflated by abnormal bookkeeping transactions. The more significant comparison relates to ordinary revenue, the estimate for which shows a decline of $53 million from last year. This expected decrease is largely attributable to the reductions in personal income and excess profits taxes announced in last year's budget. Substantial declines in the yields of these two taxes are not expected to be fully offset by moderate increases in the returns from customs and excise duties, the sales tax and the special excise taxes.

These revenue estimates of course are based on the assumption of no changes in our present tax structure. They indicate that if no such tax changes are made and if our total expenditures do not exceed the estimate given a few minutes ago, we may expect a budgetary deficit for 1946-47 of roughly $260 million. Measured by standards of the past, that is still a not inconsiderable deficit but it is in pleasing contrast with the deficit of $1,735 million which I have already reported for the last fiscal year.

It is possible that some of the revenue figures given above may prove to be underestimates if economic conditions remain as prosperous as at present, and in particular, special receipts, swollen by large scale disposals by War Assets Corporation, may be higher than the $200 million figure quoted. On the other hand, as I have already indicated, expenditures in the form of payments to veterans have been running ahead of earlier estimates. I think we can best accept the relatively conservative estimates that I have given above, in the expectation that there may be offsetting increases on both sides of the account, leaving the deficit roughly at the level forecast, subject, of course, to the tax changes which I shall propose.

The financial requirements for which we must provide during the present fiscal year include not only our budgetary expenditures but certain disbursements outside the budget for the acquisition of active assets. For this purpose, during the present year we shall have to raise a substantial amount of cash, as in addition to the normal increases in loans, advances and investments, resulting from ordinary government activities, including the financing of the foreign exchange control board, the export credits programme and the United Kingdom loan will require the disbursement of governmental funds in very large volume. We estimate that during 1946-47 the total of these disbursements which create active assets may be in the neighborhood of a billion dollars. This will bring our total financial requirements on the basis of present commitments and present estimates during the year to roughly 3¾ billion dollars.

Financial requirements of this magnitude do not of themselves suggest a reduction in taxes. Moreover, as I have already indicated, the current economic situation in respect of the available volume of purchasing power and current spending trends is not such as to provide an economic justification for reducing taxes at the present time. Lighter taxes are not needed now for the purpose of permitting or encouraging additional private spending in order to maintain employment this year. In fact, if only immediate economic conditions were involved, one could make a case for temporary higher taxes in order to curb the excess of spending in some directions that is tending to pull prices up.

There are, however, other important considerations to be borne in mind. In the first place, the action we take now in regard to taxes should provide whatever stimulus is possible to increased production. If we can encourage hard work and efficient production at this critical time, we shall be assisting greatly the effectiveness of our other actions to overcome the inflationary influences left behind by the war.

Secondly, in shaping our tax policies at present we should be moving toward our normal post-war tax policy, and we should therefore bear in mind the long run problems we shall face once the huge, temporary post-war demands have been satisfied and it becomes necessary for us to maintain and stabilize national expenditure and employment. When that time arrives, we must depend on steady, large scale capital expenditures by private business, and on our ability to sell our products abroad (and at home, too) in competition with other countries, if we are to succeed in maintaining a high level of employment and a high standard of living. To secure these conditions of stable prosperity we must revise our wartime tax system in such a way as to preserve essential fairness in the distribution of the total burden and avoid any serious deterrent to hard work and efficiency.

It will therefore be my pleasant duty in a few minutes to announce reductions in taxes on personal and corporate incomes which are based upon these longer run considerations as well as upon the desire to increase immediately the incentive to produce, even though we recognize that such reductions at this time may possibly increase some of our difficulties during the period of shortages and inflationary pressures.

The effect of the tax reductions which I shall propose to-night will, I believe, depend to an important degree upon what provincial governments do when the wartime tax agreements expire. These agreements were made in order to provide a necessary increase in over-all taxation from imposing intolerable inequities and hardship. Unless new arrangements are made to enable provinces to meet their requirements without a free-for-all scramble to exploit the major tax sources, I am convinced that this country will lose much of the economic advantages which should accrue from the over-all tax reduction which is now envisaged. Before outlining my tax proposals in detail, I must, therefore, refer to the problem of dominion-provincial financial relations.

This problem is far more than one of taxation alone. What is at stake is Canada's ability (a) to have an effective anti-depression policy and to maintain full employment and a high national income after the present abnormal transition period is over; and (b) to achieve a reasonable standard of economic security for all Canadians no matter in what part of the country they may live. It was with these broad objectives in mind that the dominion government put forward its proposals to the dominion-provincial conference which began its sessions on August 6 last.

[Mr. Ilsley.]

These proposals outlined a coordinated programme by which the dominion and the provinces could most effectively work together to provide high and expanding employment and national income, a wide measure of economic security and a less burdensome, more efficient tax system. The proposals formed an integrated whole but for purposes of the present outline can be grouped in three categories: those relating to public investment, those relating to social security and those dealing with tax reform.

Obviously at the present time of many continuing shortages and pressing demands it is not opportune to consider launching a large public investment or public works programme. Nevertheless the wartime depletion of many of our assets and depreciation of many of our public works make it imperative that we now prepare plans for greatly expanded activity in the whole field of public investment when the employment situation and other conditions should make that desirable. In the August proposals emphasis was laid in particular on two aspects of public investment. One was the desirability of regulating the timing of public investment in so far as that was practicable, with a view to levelling out booms and depressions. The second was recognition of the need for increased expenditures on the conservation of our soil and forests, and the economic development of our resources. To these ends the government outlined a substantially expanded programme of resource development and conservation services and construction projects which it was prepared to undertake itself, and also a broad list of services and categories of projects under provincial jurisdiction which it was prepared to assist. There were in addition grants proposed to provincial governments, and through provincial to municipal governments, to assist in meeting the cost of advance planning of projects with a view to building up a reserve shelf of useful works for time of need, and to encourage the best timing in relation to the general employment situation for carrying out these planned works. The programme as a whole was designed to develop and conserve the productive wealth of Canada to assist in stabilizing employment, and to widen opportunities for private investment and employment. The character of investment proposed was one complimentary to private investment rather than competitive with it and was designed to be, when not directly self-liquidating, of real economic and social value to the nation.

The various social security proposals had also broad economic as well as broad social objectives. They were planned not only in relation to the needs of individuals suffering

from the distress of unemployment, illness and old age, but also with a view to stabilizing the income of the lower income groups of the population and consequently that of the community as a whole.

The proposal for unemployment assistance was designed to care for the great bulk of able-bodied workers who might be unemployed through no fault of their own. This extension of dominion responsibility would remove the overcharging menace to the ability of provincial and municipal governments to finance themselves, and in particular the threat and uncertainties facing real property owners, inherent in the present responsibility for relief. In addition, proposals were made for expanded vocational training and other rehabilitation services designed to fit men for their most productive work and to prevent deterioration arising from idleness.

The old age pension proposals, including as they did, an increase in benefits and abolition of the means test for all persons aged 70 and over, and with provision for assistance to provincial schemes for persons from 65 to 69, recognized the claims and needs of our old people with which there seems to be general sympathy. The qualifying age for federal assistance for pensions to the blind was to be lowered to 21.

In the important field of health the proposals provided for substantial dominion assistance to provincial public health and preventive medicine activities, for tuberculosis, mental disease and venereal disease prevention and cure, and for other health services. In addition an offer was made to meet approximately 60 per cent of the cost of provincially administered health insurance schemes within a national framework. The health insurance offer was an optional rather than obligatory part of the proposals and the programme was to be developed progressively by stages and areas. It was believed that it would contribute a great deal to relieve individual suffering and improve the health of the nation, and would ultimately pay substantial dividends in financial as well as human terms.

As in the case of Australia, New Zealand and the United Kingdom, it was proposed that these expanded social services would be financed in part by direct personal contributions. These might be likened to modest insurance premiums paid by each individual in order to make systematic provision against risks or contingencies which might otherwise fall with crippling force upon the family budget, as for instance the cost of medical care does to-day. There were no hard and fast provisions laid down as to the financing of the province's share of health insurance except that there was to be a registration fee which was not specified.

The tax proposals which have been the subject of so much controversy were in reality two-fold, and there is some danger that sight may be lost of the second and more important of these aspects. As a necessary preliminary, the government proposed that it should have exclusive occupancy of the personal income, corporation, and succession duty tax fields, compensating the provincial governments by annual rental payments. The August proposals were subsequently modified in respect to the succession duty tax to provide for continued exercise, by any province which so wished, of its succesion duty rights, with compensating credits to individuals paying provincial taxes and compensating adjustments in the annual rental paid to the provincial government. The government then outlined the policies which it proposed to follow if an agreement had been reached giving it a free hand in these fields, including reduction in personal income taxes and elimination of a portion of the existing element of double taxation in the corporate tax. The government attached great importance to the benefits which would be possible through a single administration of these important tax fields, arising from simplification and reform of the tax system on a scientific basis to reduce the total tax burden, from the removal of existing inequities, from greater efficiency of administration and collection, from reduction in the cost of tax compliance by the taxpayer, and from the means it would have available through appropriate changes in policy to help offset fluctuations in the business cycle. Of particular importance was the belief that the right tax policies, varying with the needs of the times, would lead to broadening and expansion of the tax base, that is to say, the size of personal and national incomes, and consequently reduce the real burden of taxation. These taxes which were once relatively trivial in amount have of necessity become far too large to allow conflict, confusion and overlapping of policy to thwart investment, retard industry and depress employment. They are far too important adjuncts of economic policy to be exercised in different and uncoordinated ways if we are to achieve our objectives of high and stable income and employment.

A word should be added on the fiscal position in which the dominion's proposals would have put the provincial governments. In the major expenditure fields of public investment and social services, the government was prepared to assume responsibility for the most sharply

fluctuating items and to assist the provincial governments substantially in expansion of their own services. Municipal budgets would also have been relieved of both substantial current and potential expenditures. The annual rental offered the provinces to vacate, for the proposed three-year term of the agreement, certain direct tax fields was not only generous in relation to any amounts which the provincial governments had hitherto derived from these fields, or could expect to derive in the light of the necessary post-war level of dominon taxes, but could not fall below a guaranteed minimum and would rise proportionately with increases in gross national product. The net effect would have been to put all provincial governments in a much stronger and more stable fiscal position than they had ever enjoyed before or than there was any prospect of their achieving in a return to the general free-for-all of pre-war. At the same time it was believed this could be done at a reduced over-all cost to the taxpayers, and would provide positive incentives to industry and a greater degree of security for all Canadians in all parts of Canada.

The conference which met last August, decided to accept the dominion's proposals as a basis for discussion and a continuing co-ordinating committee was appointed consisting of the Prime Minister and the nine provincial premiers. This coordinating committee met in camera from November 26-30, from January 28-February 1, and on April 25 and 26. Most of the discussion at these meetings took place within the framework of the dominion proposals. Modifications were suggested by provinces and a good many substantial revisions were made by the dominion at the January and April meetings, so many indeed that we were charged with "constant and drastic revisions" while at the same time we were also accused of "uncompromising rigidity". It is fair, I think, to add that no alternative to the broad outlines of the dominion's proposals was discussed at the coordinating committee meetings held in camera.

I shall not attempt to analyse the stand taken by each province. The published record of the open meetings which took place from April 29 to May 3 speaks for itself. I am convinced that in the case of at least a majority of provinces an agreement could have been reached along the broad outlines of the dominion's proposals. However, at least two provinces appeared to be definitely opposed to an agreement of the character and scope offered by the dominion. In the case of Quebec, it was never at any time made clear just what changes in the dominion proposals would be necessary to make them acceptable to that province. Ontario, it is true, did offer a proposal which was an alternative to the dominion proposals, but it was not until the closing hours of the conference that the financial implications of that proposal were revealed. These involved so large a net increase in total cost to the dominion as to put the proposal beyond the possibility of responsible consideration.

Under the Ontario proposal we were asked to forego revenues from which we estimated we would receive $102 million per year and to accept an increase in our obligations amounting to at least $32 million and perhaps to as much as $100 million, as compared with those assumed under the dominion's finally revised proposals. In other words, the Ontario proposal would, according to our estimates, have involved an additional net burden on the dominion treasury of at least $134 million a year, and perhaps $100 million in addition to that. These figures have been disputed, but they cannot be successfully refuted. At that stage the dominion felt it had made as comprehensive an offer, and had undertaken to assume as great a financial burden, as it could possibly justify to the people of Canada. The negotiations had extended over nine months and during that period of time the dominion had repeatedly revised its proposals in an endeavour to meet the several requests made by the provinces. We were still willing to accept suggestions for modification of our proposals provided they did not further increase the burden upon the taxpayers of Canada. In particular, we were willing to rent for a temporary period our rights to use certain fields of excise taxation, in the same way as we were asking the provinces to rent to us temporarily their rights in certain fields of direct taxation, provided the provinces could agree amongst themselves with respect to the rental consideration. However, none of the suggestions to this end made by ourselves or by some of the provinces, was acceptable to the provinces generally, and when it became clear how wide was the gulf between the dominion and at least one of the provinces, the conference adjourned *sine die*. There is nothing to be gained by post mortems or recriminations. We must now get on with our tasks as best we can.

The inability to reach a final agreement with the provinces has, however, greatly complicated my task in formulating this budget. The budget obviously cannot be based on the assumption that a general dominion-provincial agreement will still be reached. In my opinion the differences are far too great, not only

between some provinces and the dominion but also between some provinces and other provinces to permit of reconciliation at an early date. I have had therefore to prepare this budget upon the assumption that no new general tax agreement could be made in the near future. Accordingly, in keeping with the terms of section 20 of the wartime tax agreements, I am proposing that the dominion's flat rate of tax on corporate incomes be reduced from 40 per cent to 30 per cent as from January 1, 1947. I am also proposing, as I shall explain in detail a little later, a substantial further reduction in personal income taxes, effective in 1947, which will enable the provinces which so desire to re-enter the personal income tax field. With these proposed reductions and with the payments to the various provinces of certain holdbacks within thirty days of the termination of the present agreements, we shall have fully carried out all our obligations under those agreements.

Nevertheless, we have all along been acutely conscious that the mere carrying out of the terms of these agreements would not enable us to remain indifferent to the problem of provincial finance and taxation. The agreements will all expire by next spring, three of them this fall, and without a new agreement several provinces are going to be faced with a difficult budget problem, and a chaotic tax situation is likely to arise.

If no new agreements are made, the provinces will again become dependent upon what they can collect from income and corporation taxes. Unfortunately, the income and corporation tax base is very unevenly divided as between provinces. Even before the war those provinces which were less fortunately placed in this respect were driven to uneconomic methods of taxation in attempting to meet their budget requirements. Apart from duplication and overlapping of taxes, provinces were forced to adopt arbitrary and makeshift devices which bore heavily on costs and hampered production. In spite of this, some provinces could not meet their minimum requirements without loans and temporary subsidies from the dominion. Their autonomy and their ability to discharge their constitutional responsibilities were seriously threatened.

If the pre-war situation was unsatisfactory, the post-war position will, in the absence of new agreements, become intolerable. Provincial expenditures have expanded greatly. Overall provincial budgets, brought down for the current year, call for expenditures higher by about $200 million than in 1940. This is an increase of roughly two-thirds. If the provinces again become dependent on income and corporation taxes, some will be forced to adopt taxation expedients far more drastic than those employed before the war. Financial pressure on the less-favoured provinces will give rise to increasingly arbitrary and discriminatory taxation, will lead to interference with interprovincial trade and to the extension of government ownership and operation of business merely in order to obtain additional provincial revenues which of course would mean loss of revenues to the dominion. Even with all this, it is difficult to see how some provinces could retain their solvency and any degree of financial autonomy. Moreover, the arbitrary and discriminatory provincial taxes would come on top of dominion taxes which, while substantially less than at present, would still be considerably higher than before the war. The dominion cannot stand aside and allow such a situation to develop. It would seriously impair the capacity of private enterprise to provide high and expanding employment. It would weaken and perhaps destroy our federal system.

The government has reached the conclusion that it would be irresponsible in the extreme if it allowed such a situation to develop without a further attempt to prevent it. It has been convinced that it would be shirking its responsibility to the people of Canada if it did not seek to devise some modified proposal which could be accepted by those provinces which wished to accept it and be left aside by those which did not desire it or felt they had no need for it. Such a modified proposal we have devised.

While it is to be regretted that it was not possible to reach agreement with all the provinces at the conference, it would be a mistake to say that the conference itself had not been of the utmost value in making clear to the governments of all the provinces as well as to the dominion government the problems with which each is faced, and the factors of which full account must be taken if immediate pressing situations are to be met and any practicable solution is ultimately to be found. Our modified proposal has been devised in the light of the conference discussions. I wish now briefly to outline its terms. It is, as I have indicated, wholly optional. Any province which wishes to do so will be perfectly free to remain out of the agreement and deal with its own problems in its own way. With those provinces which accept it, an agreement will be signed which will terminate five years after the termination of the present agreement. This is a longer term than the term of three years provided in our original proposals. It is, however, expected that some provinces may wish to sign immediately and others, if they

sign at all, may not sign for one or two or more years. Having this in mind, it seems inappropriate to suggest a term shorter than five years.

The essence of our proposal is that in return for specified unconditional annual payments and other benefits, the agreeing provinces would undertake to restrict during the term of the agreement their use of the three fields of direct progressive taxation as follows:

(a) The agreeing provinces would agree not to levy any taxes on personal income nor permit their municipalities to do so. There would, of course, be double taxation of personal incomes in those provinces which did not wish to enter into the agreement and proceeded to levy their own taxes on personal incomes, but in order to help reduce the burdens of such duplication the Dominion would be willing to give a tax credit to the individual taxpayer of the amount of the tax he had to pay to the province, up to 5 per cent of the tax payable to the dominion by such taxpayer. Any increase in financial burden on the individual taxpayer would thus be avoided if the provincial tax did not exceed 5 per cent of the dominion tax. The provincial government would, of course, have to remain the sole judge as to the amount and nature of the tax it imposed on its own people, but obviously the inconvenience to the individual taxpayer involved in filling out two sets of income tax returns and calculating tax on two different bases would be decreased if the provincial tax were imposed as a fixed percentage of whatever tax might be payable to the Dominion by the individual taxpayer. In order to be of assistance to that end, the Dominion would be willing to make extra copies of its forms available so that when filling out his dominion tax return the taxpayer could merely make an additional copy and mail it with his cheque to the treasurer of his province.

(b) An agreeing province would undertake to levy a five per cent tax on net corporate income within the province and would also agree on behalf of itself and its municipalities to impose no other corporation tax or tax on corporations except corporations engaged in mining or logging operations. For this purpose, a corporation tax would have the same meaning as under the existing agreements. The province would also agree to discontinue the special five per cent tax mentioned above at such time as all provinces had made a tax agreement with the dominion. The five per cent levy would be based on taxable income as defined in the dominion income tax law, and allocation between provinces would be made on the basis of uniform rules worked out between the dominion and the provinces making an agreement. The dominion would collect the five per cent tax for the province and the dominion's annual payments to the province, as specified below, would be reduced by the amount of such collections. Any province not signing the agreement could levy such taxes as it pleased on its corporations, but any such taxes defined as corporation taxes or income taxes under the existing agreements, other than taxes on corporations engaged in mining and logging operations, would not be regarded as a deductible expense for the purpose of calculating taxable income under dominion tax laws.

(c) For the duration of the agreement also an agreeing province would either undertake not to levy succession duties at all or if it wished to continue to do so, it would agree to accept an appropriate reduction in its annual payments due from the dominion. In the latter case, succession duty amounts payable to the province would be treated by the dominion as a credit against amounts due under the dominion succession duty but the credit would be limited to one half the succession duties payable to the dominion. The dominion's annual payments to an agreeing province so continuing to impose succession duties would be reduced by the aggregate amount of such credits. This proposal, of course, will involve a doubling of the rate of succession duties now in effect under the dominion act but because of the system of tax credits already described, the general burden of the combined dominion and provincial succession duties in those provinces which continue to levy succession duties will be the same as at present.

In return for these undertakings, the agreeing provinces would receive annual payments from the dominion along the lines of the proposal made by the dominion to the provincial premiers at the conference held two months ago. For the term of the agreement the dominion would undertake to supplement the present statutory subsidies in such a way as to provide that each province signing an agreement with the dominion would receive a guaranteed minimum annual payment, including statutory subsidies, equal to $15 per capita based on the 1941 actual or the 1942 estimated population of the province, whichever is the greater. The actual payments to be made in any year would be equal to the guaranteed minima increased in proportion to increases both in population and in per capita gross national production and

would be based on the average of payments as determined separately for each of the three preceding years. In no case would the dominion's payments to a province be less than 150 per cent of that province's annual receipts under its wartime tax agreement (excluding guarantee of gasoline tax revenue). For no province would they be less than two million dollars. In addition, all provinces would be free to tax profits from mining and logging operations and any such taxes would be treated as a deductible expense for dominion tax purposes. Finally, in the case of companies whose main business is generating for distribution to the public or distributing to the public electrical energy, gas and steam, the dominion would pay to the provinces concerned one-half the dominion's net corporation income tax collections from such companies in respect to such business. This payment to a provincial government would be reduced by an amount equal to any taxes which the government of that province levied on such companies. If a provincial government or one of its municipalities should take over a tax-paying corporation (other than one of the category just mentioned), the specified annual payments to that province would be reduced by the amount of the tax loss sustained by the dominion. The provisions regarding the allowances for taxes on mining and logging operations and half the tax on certain public utility companies will apply to all provinces, whether or not they sign an agreement.

I have had prepared a table showing the guaranteed minimum payments for all of the provinces and the payments presently estimated for the year 1947, assuming all provinces accepted the agreement, together with the provincial revenues received from comparable sources at the present time. With the consent of the House, I shall place this table on *Hansard:*

Dominion Payments to Provinces Under Proposed Tax Agreements
(Millions of Dollars)

	Dominion Payments to Provinces under Proposed Tax Agreements		Present Provincial Receipts From			
	Guaranteed Minimum	1947 as Presently Estimated	Wartime Tax Agreements	Statutory Subsidies	Provincial Succession Duties(1)	Total of Foregoing
P.E.I.	2·0	2·0	·7	·4(2)	·1	1·2
N.S.	8·9	10·0	2·9	·7(2)	·6	4·2
N.B.	7·0	7·5	3·7	·7(2)	·4	4·8
Que.	50·9	57·3	20·6	2·9	7·8	31·3
Ont.	58·3	64·5	29·0	3·2	12·1	44·3
Man.	10·9	11·8	5·7	1·7	·6	8·0
Sask.	13·4	13·7	5·8	2·0	·4	8·2
Alta.	11·9	13·3	5·8	1·8	·6	8·2
B.C.	18·1	18·1	12·0	1·0	1·3	14·3
Total	181·4	198·2	86·2	14·4	23·9	124·5

(1) Average collections in latest five-year period for which data are available, viz., 1940 to 1944 inclusive.

(2) Excludes interim subsidies of $275,000 (P.E.I.), $1,300,000 (N.S.) and $900,000 (N.B.) which are included in the previous column under Wartime Tax Agreement receipts and which will become statutory upon expiration of the Wartime Tax Agreements.

NOTE: The table does not take into account the effect on provincial revenues of the dominion's proposals in regard to taxes on mining and logging operations and the contribution of half of the dominion's receipts from the taxes on certain public utility companies. Nor, of course, does it take into account any reductions in payments due to collections of the special five per cent provincial tax on corporations or the credits allowed to taxpayers where the province continues to collect succession duties. These last two factors merely change the name of part of the payment and not its total amount.

Analysis of the table will reveal that the nine provinces are now receiving from statutory subsidies, payments by the dominion under the wartime tax agreements, and succession duties, a total of $124·5 million a year. Under the new proposal, if all provinces should accept they would receive as now estimated, a total payment in 1947 of $198·2 million, and no matter how low the national income might fall at any time during the next five years they would always be sure of the minimum payment of $181.4 million.

If any province did not wish to enter the agreement it would need to raise the amount of revenue shown in the following table by personal and corporation taxation, or some

other form of taxation, to have the same revenue as that estimated for 1947 under the agreement:

	million
P.E.I.	1·2
N.S.	7·4
N.B.	5·5
Que.	46·6
Ont.	49·2
Man.	9·5
Sask.	11·3
Alta.	10·9
B.C.	15·8
	$157·4

I cite these figures to show the budgetary problems with which the nine provinces will be immediately confronted if no new agreement is made and also to suggest the probable resultant pressure on the tax system of Canada. The budget problems of these provinces must be solved in some way if we are to build a strong and united Canada. Is it not far sounder that they should be solved by a system of automatic payments objectively determined and made in return, so to speak, for the rental of an asset rather than by a system of outright subsidies or handouts? The latter, on the scale indicated, would either encourage irresponsible expenditure in the hope that any additional assistance required would always be forthcoming, or alternatively involve a control by the dominion over provincial administration, which is neither desirable nor practicable.

It has been said that the proposed payments by the dominion to the provinces are not based on the principle of fiscal need. That criticism fails to grasp the true facts of the situation. What is essentially valid in the position taken by the financially weaker provinces is their claim that the great bulk of the wealth and income of the country is concentrated in the two or three large provinces, that most of the head offices of the corporations doing business all over Canada are situated in Ontario and Quebec, and that the larger provinces, therefore, get an unfair share of the tax revenues which are based on the corporate profits and the personal incomes and estates resulting from the business done throughout the country. Now, what the dominion's proposal does is to provide a method whereby the three maritime provinces and the three prairie provinces will be enabled to derive from these sources the same per capita revenue as Ontario and Quebec. By selling certain rights to the Dominion for the term of the agreement, they are put in a position of sharing with the two central provinces equally on a per capita basis the productivity of the three great fields of direct progressive taxation—corporation taxes, taxes on personal incomes and succession duties. Surely this is going very far to meet the test of fiscal need. If, in spite of such assistance, any one province should still find itself under normal conditions faced with a fiscal problem, that could only be due to a higher relative level of expenditures or a failure to tap other sources of tax revenue to the same extent as other provinces. In such a case, a further fiscal need subsidy would be impossible to justify, although this does not of course mean that occasionally a province or region may not be affected by a calamity which might justify special temporary assistance.

Another merit of the proposal is the greatly increased measure of stability which it would assure for the revenues of an agreeing province. The province would of course benefit from any increase in its population and in per capita gross national product but its revenues from the three tax sources would never fall below the guaranteed minimum, no matter what happened to business conditions. It would be dominion revenues which would have to bear the shock of an economic recession but the dominion government is in a far better position to carry a large deficit for a time than is any provincial government. The high floor which would be set under a substantial part of the revenues of the agreeing provincial governments would enable them to plan their developmental programmes with greater assurance and give them a financial responsibility and freedom of decision in the matters entrusted to them by the constitution not previously known. In this way also would the federal system be strengthened.

In addition to assuring to agreeing provinces a specifically and objectively determined annual revenue, adequate in amount and stable in character, the arrangement which we are offering to make with each province should go a long way toward avoiding the overlapping, discriminatory and uneconomic methods of taxation which will otherwise result when the wartime tax agreements expire. Throughout the agreeing provinces there will be uniformity of over-all income and corporation tax and probably of succession duty rates as well. There will be only one agency collecting such taxes in these provinces and any differentials in the over-all rates as between agreeing and non-agreeing provinces should not be of major proportions.

The proposed arrangements represent, I believe, the closest approach which can be made under present conditions towards an efficient system of income, corporation and succession duty taxation. The way in which, and the rates at which, these taxes are levied have such a bearing on enterprise, on the

incentive to work, and on national income that I would urge every province to give our offer the most careful consideration. There are, of course, additional and substantial benefits which can only be achieved if and when this interim arrangement can be made with all provinces. Only then will the dominion be in a position to implement its undertaking made at the conference to reduce the element of double taxation on distributed corporate earnings, which has a tendency to discourage risk-taking investment.

Perhaps a more important point is that if and when tax agreements can be made with all provinces and the dominion has exclusive use of the three tax fields in question, it will be able to co-ordinate the management of these taxes with its employment and economic policy as a whole. If I may quote from what I said to the conference on May 1 last, social justice requires that these progressive taxes be used to the fullest extent possible; economic common sense requires that they be limited to rates that will not stop people working hard and taking those risks which are necessary if we are to produce effectively and make progress. It requires the most careful judgment to balance these conflicting considerations under all the changing economic conditions and political pressures which a modern nation must face. Yet success is vital if we are to maintain employment and economic progress. Success would be made very much more difficult, and perhaps impossible, if it required the joint action of ten governments rather than one. The dominion is prepared and is best able to carry the responsibility of seeing that these progressive taxes are fully used, but not used so much that they do more harm than good. If, however, the provinces are also in this field, there will be a natural tendency for them to take a narrower view, a purely financial view, and to force the total of their taxes and dominion taxes to uneconomic levels. If, for example, experience showed that the corporation income tax, at some time in the future, was so high that it prevented the proper expansion of industry and employment in the nation as a whole, in the judgment of the dominion government, it would be proper to reduce it; but if the provinces were also using that tax, some of them, if not most or all of them, would be likely to raise their corporation taxes to take advantage of the reduction made by the dominion. The provinces might feel, quite rightly, that they could not afford to take as long range a view as the dominion, and if they were in need of revenue, they would probably find it difficult to reduce their taxes or to refrain from increasing their taxes because of the possible effects upon general employment and economic development in the country as a whole. This argument would be especially strong in times when employment and incomes were declining and when vigorous efforts were needed to encourage private expenditure and the expansion of industry. In such times, provinces would naturally be faced with declining revenues in other fields, and would be understandably reluctant to join in a programme of reducing income or profits taxes which however beneficial its long-run effects might be, had the immediate result of reducing substantially the revenues on which provincial expenditure depended.

For the information of the house I may say that I am mailing tonight a letter to the premier of each province, outlining the offer which I have just described and discussed.

It will be desirable if those provincial governments which wish to enter into such an agreement indicate their acceptance at an early date. Arrangements can then be promptly made for getting the agreements into a final form agreeable to all provinces which propose to sign. In some cases special arrangements to take care of special circumstances will have to be made. For instance, it is understood that the western provinces may not wish to sign a new tax agreement until a collateral agreement has been reached in regard to the refunding of their outstanding treasury bill indebtedness to the dominion. In the case of New Brunswick, Nova Scotia and Prince Edward Island, should they desire to accept the present proposal, it might also be necessary to consider an extension for a few months of the present wartime tax agreements which expire on October 31, November 30 and December 31 next respectively, if the necessary authorizing legislation in respect of the annual payments cannot be prepared in time for enactment at the present session of parliament. These and other matters of a similar kind will be the subject of discussion with representatives of the provincial governments concerned. It is my hope, however, that all points of principle can be agreed upon in sufficient time to submit the necessary legislation to parliament at an early date.

The house will have noted that the proposal I have outlined is limited strictly to matters of finance and taxation. That is an inevitable result of the failure thus far to achieve agreement with the provinces. It is obvious that the dominion cannot, for instance, assume responsibility for unemployed employable persons in some provinces but not in others.

Nor can it introduce the over-all plan of social security we had contemplated without at the same time reaching a satisfactory financial agreement with the provinces. Several of the major objectives of the comprehensive dominion proposals which were announced last August must therefore be held in abeyance for the time being. They remain, nevertheless, an essential part of the programme of this government. We continue to be ready to proceed with these or similar measures as and when arrangements can be worked out which will enable us to carry them out satisfactorily. We earnestly hope that those who have it in their power to make agreement possible will not long delay in making it possible to consummate the objectives we have in mind.

Obviously, the interim programme which I have outlined will represent not an ideal solution but only a second best. It is, however, the only solution which at the moment appears to be practicable. Moreover, it is one which is capable of growth. Several provinces will, we hope, be prepared to enter into an agreement at once. Others may do so next year or the year after. In due time we expect that all provinces will see that it is to their advantage to enter into the agreement. However, any province which believes, as I think erroneously, that such an agreement would weaken autonomy or lead to undesirable centralization or would for any other reason be against its best interests will be perfectly free to remain out of the agreement and deal with its own problems in its own way. We, for our part however, believe that unanimous agreement is the effective way to assure full employment, a high standard of living, and a wide measure of social security for the Canadian people.

PERSONAL INCOME TAX

I wish now to speak in more detail of the tax on personal incomes. As I have already said, we are proposing a substantial reduction in rates under this tax, effective from January 1, 1947. In addition we are proposing a thorough reorganization of the whole structure of this tax. Our personal income tax is now unnecessarily cumbersome, in part because the refundable tax requirement, though obsolete, is still a part of the basic tax law, and in part because it has been necessary as an interim measure to introduce a supplementary rate schedule in order to remove the duplication of benefit between family allowance payments and income tax allowances for the same child. It will also be recalled that our income tax in its present form embodies two separate taxes, namely, the normal tax, which developed from the national defence tax, and the graduated tax. Each of these taxes has its own set of allowances and credits, which are a blend of deductions from income and credits against tax. Not only is the tax structure itself complex but as the house well knows its drafting leaves much to be desired. We have already begun through an interdepartmental committee a much-needed rewriting of the entire statute but this process will not be brought to completion in time for action at the present session of parliament. However, the amendments which I am about to outline will not only reflect a radical revision and simplification of the present pattern of the income tax but also offer an important instalment in the process of re-writing and clarifying the legislation itself.

The exemption limits under the present tax are $660 for single persons and, in effect, $1,200 for married persons. As a major part of the present revision we are proposing that the exemptions be raised to $750 for single persons and $1,500 for married persons without dependents. This measure, taken in conjunction with the proposal I shall make in a moment regarding allowances for dependents, will remove entirely from the income tax roll between 550,000 and 600,000 taxpayers, or about one-quarter of the present number. The proposed exemptions will be in the form of deductions from income in the manner of the pre-war exemptions, and the $1,500 deduction will replace the combined income deduction of $660 and the tax credit of $150 granted the married man under the present law.

I am aware of suggestions, made by persons who may not be familiar with all the facts, that the exemption limits be raised to $1,000 for single persons and $2,000 for married, or even to $1,200 and $2,400. We have carefully examined these and other suggestions and have come to the conclusion that exemptions of $750 and $1,500 are as high as can be reasonably proposed under present circumstances.

In the first place, we must still raise very large amounts of revenue. Even if no tax reductions were made, our revenues will fall considerably short of our expenditures and far short of our total financial requirements for the current year. Moreover, as I have outlined, there is already a great excess of purchasing power and we must not add unnecessarily to it. In addition to these immediate considerations, we must bear in mind that the government and parliament face a post-war period in which events are likely to move swiftly and in respect of which we have

accepted a large measure of responsibility for maintaining high employment. Under the circumstances we cannot afford to reduce our revenues too drastically.

Secondly, we are all, I believe, agreed that the income tax is the fairest and best tax on which to rely for the bulk of our revenue. More than any other, it takes ability to pay properly into account. We must, I consider, rely upon it as heavily as we can, subject to the limits imposed by its effects on incentive and efficiency. This applies as well in the lower brackets as in the higher. We cannot secure proper equity and fair treatment if the exemptions from income tax are so high as to exclude most of those receiving incomes. It is just as important to be fair in the distribution of taxation between persons earning $1,500 and $2,400 a year respectively as it is between these persons and those earning $5,000 or $10,000 a year. I have said that we cannot afford to reduce our revenues beyond reasonable figures. In these circumstances, if we raised unreasonably the exemptions for the income tax, or lowered the rates of income tax too drastically, we would only make it necessary to impose other less equitable, even regressive, forms of taxes.

Comparison of our proposed exemptions with those of other countries indicates clearly, I believe, that the figures now proposed are as high as Canada can reasonably go. The suggested exemption of $750 for the single person compares with one of $700 in Australia and New Zealand, of $500 in the United States, and of $490 in Britain. Similarly, the proposed exemption of $1,500 for a married person compares with $1,077 in New Zealand, $1,000 in the United States, $931 in Australia, and $800 in Britain. In addition, Britain, Australia and New Zealand have substantial social security taxes which apply at much lower levels than the exemptions I have given for income tax alone.

We are, I believe, fortunate in being able to afford after the war income tax exemptions as high as three-quarters of what they were before the war, despite the enormously heavier burdens which the war has thrust upon us. The amount of revenue that can be raised, indeed the amount of income to be taxed, in the higher brackets is disappointingly small. If we are to take a serious view of our financial responsibilities in this house, we cannot, I believe, urge such extravagant exemptions in our income tax as to lead inevitably to other less fair and open measures of taxation.

As a companion measure to the increase in the basic exemptions for single and married status, it is proposed that the present tax credits of $28 allowed against normal tax and $80 allowed against graduated tax for dependents of the taxpayer be replaced by deductions from income, and that the temporary measure by which family allowance payments are now adjusted to the income tax allowances for a child make way for a solution that will be simple and permanent. It will be recalled that under the present method of adjusting the tax of a parent in respect of whose children family allowances are paid, the parent is allowed to obtain both the family allowance and the income tax credits for the same child, but an amount of the family allowances corresponding roughly to the value of the income tax credits for the child must be repaid to the government. This method of adjustment requires that each taxpayer receiving family allowances must report the amount of such allowances to his employer in order that his tax deductions be adjusted accordingly. This method is cumbersome and complicated for the taxpayer, the employer and the income tax administration.

To overcome these complications, it is now proposed to allow a single, simple deduction from income of $100 for each child eligible to receive family allowances, and to regard all taxpayers having such children as receiving the family allowances for their children. For other dependents not eligible for family allowances, there will be allowed a straight deduction from income of $300. This step will provide a workable and permanent solution and at the same time will preserve the principle approved by this house when the Family Allowances Act was passed, namely, that a taxpayer who received family allowances for his children would not also receive a full allowance for the same children under the Income War Tax Act. The value of a deduction from taxable income of $100, plus the family allowance, will exceed the equivalent of a $300 deduction from income for nearly all taxpayers, particularly in the lower brackets, where the excess is considerable.

I should make it clear that this proposal assumes the universal payment of family allowances to all taxpayers with eligible

children from January 1, 1947. A taxpayer with a child eligible for family allowances will be assumed for purposes of income tax to have received family allowances, and will be given the deduction from income of only $100 in respect of such child. Taxpayers who are not now claiming family allowances for children eligible for them should make application for them to commence in the new year when the proposed measure will take effect.

We are also proposing a complete overhauling and simplification of the rate schedules and a substantial reduction in tax liability. The present normal tax, the graduated tax, the formula for calculating the refundable portion which is no longer collected, and the family allowance recovery tables will be replaced by a single schedule of graduated rates applying on the excess of income over the new exemptions. Under the new schedule the initial rate will be 22 per cent on the first $250 of income in excess of the exemptions, the next rate will be 25 per cent on the following $750 of income, the next 28 per cent on the next $1,000, and the rate will rise gradually until a rate of 85 per cent is reached on income in excess of $250,000. The investment income surtax will be retained at the rate of 4 per cent, but as a measure of alleviation for the lower income groups the exemption for this tax which is now $1,500, will be raised to $1,800.

In revising a tax structure so complicated as our present one, it has not been possible to assure that all taxpayers will receive the same relative amount of tax relief. We have, however, tried to make the new schedule as fair and equitable as possible. As I have said, something over 550,000 persons now paying income tax will be wholly exempt under the new law. For taxpayers immediately above the new exemptions, the reduction in tax under the new schedule is of the order of 50 per cent to 75 per cent, and this scales down to about 10 per cent to 15 per cent for the majority of taxpayers.

To illustrate in detail the effect of the new exemptions and rates, there have been prepared tables comparing the present and the proposed tax at selected income levels for single persons, married persons without children, and married persons with two children receiving family allowances. I shall now place these tables on *Hansard* for the information of hon. members and the public at large.

Present and Proposed 1947 Income Tax

Income	Single Person		Married person—No children	
	1946 Tax	Proposed 1947 Tax	1946 Tax	Proposed 1947 Tax
$	$	$	$	$
700	11	—	—	—
750	25	—	—	—
850	49	22	—	—
1,000	77	55	—	—
1,250	140	118	14	—
1,500	208	180	84	—
2,000	370	313	194	118
2,500	526	453	337	243
3,000	692	593	491	383
4,000	1,070	896	810	663
5,000	1,452	1,206	1,158	973
7,500	2,495	2,058	2,117	1,793
10,000	3,622	3,038	3,160	2,723
20,000	9,264	7,900	8,634	7,488
30,000	15,453	13,400	14,655	12,988
50,000	29,319	26,091	28,185	25,641
75,000	47,953	43,515	46,399	42,991
100,000	67,483	62,016	65,509	61,491
200,000	149,776	143,441	146,122	142,841

Note: In calculating the above taxes it has been assumed that all incomes up to $30,000 are entirely earned incomes, and that incomes of more than $30,000 include earned income of that amount and additional investment income to make up the total.

[Mr. Ilsley.]

Married Person with Two Children of Family Allowance Age

The table below compares the position of a taxpayer with two children of family allowance age under the new tax rates and the new treatment of family allowances proposed for 1947 with his position in 1946. To make this comparison the combined effect of the receipt of family allowances and payment of income tax must be shown in each year. This combined effect is shown in the columns headed "Net Position". Plus figures in this column indicate that the amount of the family allowance exceeds the amount of income tax payable by the amounts shown. The other figures indicate a net liability after offsetting the family allowance against the income tax. Comparison of the "Net Position" figures for 1947 with those for 1946 will give the taxpayer the net improvement in his position in 1947, reflecting either an increase in net benefit or a reduction in net liability. This computation assumes a family allowance payment of $72 for each child, which is the average payment under the family allowance scale.

	Position in 1946			Position in 1947		
Income	Income tax(a)	Family allowance	Net position	Income tax	Family allowance	Net position
$	$	$	$	$	$	$
1,300	14	144	+130	—	144	+144
1,500	42	144	+102	—	144	+144
1,750	80	144	+64	11	144	+133
2,000	141	144	+3	68	144	+76
2,250	216	144	72	130	144	+14
2,500	276	144	132	193	144	49
2,750	338	144	194	257	144	113
3,000	403	144	259	327	144	183
4,000	561	—	561	607	144	463
5,000	892	—	892	911	144	767
7,500	1,809	—	1,809	1,725	144	1,581
10,000	2,811	—	2,811	2,647	144	2,503
20,000	8,285	—	8,285	7,378	144	7,234
30,000	14,305	—	14,305	12,878	144	12,734
50,000	27,835	—	27,835	25,521	144	25,377
75,000	46,050	—	46,050	42,851	144	42,707
100,000	65,160	—	65,160	61,351	144	61,207
200,000	145,772	—	145,772	142,681	144	142,537

(a) Includes the family allowance recovery where the family allowance is shown in the next column. It is assumed that family allowances are not generally now received above the 100 per cent recovery rate. In any case where they are received to obtain the correct amount of present income tax the full amount of the family allowance should be added to the figures shown in the first column for incomes of $4,000 and up. The net position would, however, be unchanged.

Note: In calculating the income tax payable it has been assumed that all incomes up to $30,000 are entirely earned incomes, and that incomes of more than $30,000 include earned income of that amount and additional investment income to make up the total.

The over-all effect of the proposals I have outlined will be to reduce income tax revenue in a full year, assuming the present level of incomes, by approximately $143 millions, or about 23 per cent, and will involve the payment of additional family allowances in the amount of $12 millions per year, making a total cost of $155 million, about one-quarter of our expected revenue from this tax before the proposed reduction. This illustrates the thorough-going character of the revision and the importance of the reductions which we are now making. It will be recalled that the reduction now proposed is to be added to the flat 16 per cent reduction in income tax rates announced in last year's budget. However because the new rates will take effect only as from January 1 next, the loss of revenue in the current fiscal year will not be large—it is now estimated at about $25 million.

In addition to the over-all revision of the personal income tax structure I have just outlined I am proposing several other amendments in particular provisions of the law. One of these affects the taxation of husband and wife where both have incomes of their own. Prior to 1942 where husband and wife each had incomes in excess of the exemption limits the husband lost the marital allowance and he and his wife were taxed as single persons. As a means of encouraging married women to take employment in wartime the law was amended in 1942 to allow the husband to retain the marital allowance if his wife's income represented earnings received from an employ-

ment. I am now proposing that effective January 1, 1947, we return to the position as it stood prior to the enactment of this war-time measure, with the result that in 1947 a husband and wife each having incomes in excess of $750 will each be taxed as a single person.

I am also proposing a further change that will place the taxation of husband and wife on a more equitable basis than it has been in the past and bring our law into closer conformity with that of other countries. The effect of the change I am introducing will be that when a taxpayer's wife has income of her own in excess of $250, the marital allowance of $1,500 claimed by the husband will be reduced by the excess of his wife's income over $250. This rule will apply where the wife's income is $750 or less. If her income is in excess of that amount, as I stated a moment ago, the husband and wife will be taxable as single persons on their own separate incomes. If the wife's income is less than $750, then the husband may claim the married allowance of $1,500 but he must reduce the $1,500 by the amount by which his wife's income exceeds $250. In effect, the husband will be given the full marital allowance, which is granted in consideration of his wife's dependence on him, only when his wife's income does not exceed $250 a year. When the wife's income exceeds this amount, however, the $1,500 allowance granted the husband is reduced in proportion to the excess of her income over $250. This amendment will apply from January 1, 1947.

There are certain minor amendments which I should like to mention now without, however, giving complete details regarding them. For example, after January 1 of next year members of the armed forces will be treated for tax purposes on the same basis as civilians except those outside the western hemisphere who have not by that time gone into the permanent force. Also, the special provisions relating to the merchant marine will be withdrawn at the end of this year.

During last year's budget debate I said that the government would give sympathetic consideration to the suggestion that farmers and fishermen whose incomes tend to fluctuate widely from year to year should be permitted to pay tax on the basis of their average income over a period of years. We are now prepared to propose a practical method of putting the averaging principle into effect for these particular groups of taxpayers.

The proposal involves giving the farmer or fisherman the benefit of having his income taxed on the basis of a three year moving average. For the year 1946 and subsequent years, all farmers and fishermen who wish to take advantage of the right to average their incomes for tax purposes over a three-year period will be required to file returns each year whether or not they have taxable incomes. In 1948, all farmers and fishermen who have made returns for 1946 and 1947 will be entitled to average their incomes for the three years 1946, 1947 and 1948 and to pay in respect of 1948, not the tax for that year, but the tax which would have been payable over the three-year period had they earned the average income in each of the three years less the amount of tax actually paid in respect of 1946 and 1947. This means, of course, that in some cases the farmer or fisherman may be entitled to a refund in respect of 1948 of some of the taxes he has paid in respect of 1946 and 1947.

There will be no compulsion on a farmer or fisherman to accept this method of calculating his tax but it will almost certainly be to his advantage to do so. I say this in order to impress upon both farmers and fishermen the importance of making returns each year from now on. When the committee stage is reached, I shall outline the method in more detail.

Another problem affecting farmers to which a great deal of consideration has been given is the treatment of the "basic herd" in the case of a live stock farm or a ranch. The Department of National Revenue has, I believe, been following the practice of allowing adjustments of income over the preceding five-year period in the case of abnormal dispersal or liquidation sales. The general adoption of the three year forward averaging system which I have just announced should be of great assistance in more normal cases where a live stock herd is being maintained but annual live stock sales may vary from year to year. Several suggestions for carrying the basic herd principle further have been made and in this connection I must acknowledge the help received from various hon. members. Most of these, however, involve maintenance by the farmer of accounting records of greater or less complexity and whether they will prove practicable from the standpoint of both the farmer and the tax administration is a matter which will have to be worked out by the administrative officials in consultation with the Department of Agriculture.

There are certain other amendments which I can only mention. An alternative formula to that now in the law will be provided for determining the tax exempt portion of pensions received from pension trust funds formerly under section 5 (1) (h) of the act, and a change will be made in the method of taxing lump sum payments from superannuation

funds, other payments received on retirement and payments received for loss of office. A method will be adopted for spreading the return from the sale of literary, dramatic, musical or artistic work over the period in which the author was engaged in its composition. There will also be a revision of the present law as it applies to a person resident in Canada for only a part of the taxation year, and finally there will be an amendment providing that where an elected member of a provincial legislature is paid an allowance for expenses incidental to the discharge of his duties the allowance will be deemed not to be taxable income to the extent of not more than one third of the aggregate of his normal sessional indemnity as a member and the expense allowance.

CORPORATION INCOME TAX AND EXCESS PROFITS TAX

Turning to the taxes on corporations and the profits of business enterprises, the house will recall the general reduction I announced a few minutes ago when referring to the implementation of our obligations under the war-time tax agreements. Under those agreements the dominion's specific obligation is "to reduce its rate of tax on corporation incomes by at least ten per cent of such incomes." To-day the ordinary corporation income tax is 18 per cent and there is also a minimum tax on all corporate incomes of 22 per cent under the Excess Profits Tax Act, making an aggregate flat rate tax of 40 per cent. In addition, the excess profits tax takes 20 per cent of any income in excess of 116⅔ per cent of standard profits. The proposal we are now making is to reduce the flat rate tax from 40 to 30 per cent and to make it all corporate income tax rather than an aggregate of the two types of tax.

I had hoped to be able to announce in this budget the repeal of the Excess Profits Tax Act, in its entirety, effective as of January 1, 1947. As I explained last year, this tax was designed as a war measure and has received overwhelming support as a necesasry instrument of war finance, but it has distinct weaknesses and limitations in normal times and is not to be accepted as a permanent part of our tax structure. Experience, however, has shown that we are still living in highly abnormal times, the shadow of the war is still upon us, and as I have shown the financial burdens on the dominion budget arising out of the war are still of huge proportions. After careful consideration the government has reached the conclusion that the act should stay on the statute books for another year unless provision is made at the next session of parliament for its earlier repeal. However, we are proposing that it be further amended in such a way as (1) to make it apply solely to corporations, thus releasing from its provisions all partnerships and sole proprietors; and (2) to reduce the rate of tax applicable to excess profits from 20 per cent to 15 per cent.

These changes in corporate income and excess profits taxes are estimated to result in a reduction in tax revenues of $135 million for the full year 1947. However, as they are to become effective only in respect of profits earned or deemed to have been earned after January 1, 1947, the loss in revenue during the present fiscal year is likely to be small, perhaps of the order of $5 to $10 million.

Certain minor amendments will also be made affecting the corporation income tax and the excess profits tax. One of these relates to the provision introduced in 1944 for permitting half the expenditure on maintenance and repairs in an early post-war period to be charged back to the income of the war period, in order to compensate for maintenance that had to be deferred under war conditions and which had thereby increased artificially the income subject to excess profits tax. For reasons which will be discussed when the resolution is reached in committee, the time has not yet arrived when we can proclaim the period in which this provision can be applied, and we propose to restrict its use to those who have paid tax on profits in excess of standard profits.

Other minor amendments to corporation income and excess profits taxes will provide for the extension for another year of the tax credits now granted in respect of exploration expenses incurred in the petroleum, natural gas and mining industries, with an adjustment in the amount of the credit appropriate to the reduced rate of corporation tax and an extension of a tax credit for expenditures incurred in deepening an existing oil well. The exemption from excess profits tax given certain classes of mines will be continued and exemption will also be granted from one-half the 30 per cent rate of corporation income tax on the first three years' operations of mines of this class coming into production in the three year period commencing January 1, 1947. The special limitation on the deductibility of charitable donations in computing the taxable income of corporations will be rescinded with respect to fiscal periods ending after June 30, 1947, and certain adjustments will be made in the taxation of investment trusts and non-resident-owned investment corporations.

TAX TREATMENT OF COOPERATIVES

I come now to the tax treatment of co-operatives. Hon. members will recall that in November, 1944, a commission under the

chairmanship of Mr. Justice Errol McDougall of the court of king's bench, Quebec, was appointed to inquire into this thorny question, and that the commission made its report a very short time before the presentation of last year's budget. Accordingly, it was decided to defer action until there had been an opportunity for all concerned to give the report thorough study.

I am now in a position to say that in general the government accepts the commission's report as the basis of its proposals with respect to the taxation of trading cooperatives, credit unions and mutual insurance organizations.

The first recommendation of the commission is that we should repeal section 4 (p) of the Income War Tax Act, the section which was inserted in the act in 1930 to authorize an exemption for specified classes of cooperatives under certain conditions. The reasons for this recommendation are summarized in the report as follows:

> As a result of the ambiguities of language and the difficulty of administering the section, and because we are of the opinion there is no general class or group of cooperative associations in Canada to-day whose income should be declared not to be liable to taxation, we are of the opinion that the section in its present form cannot survive the attacks made upon it.

The government accepts this recommendation and, accordingly, proposes that section 4 (p) be repealed. Apparently the section has little or no value in any case, for whatever the original intention of parliament may have been, the methods of doing business followed by our ordinary types of cooperatives are not such, in the opinion of the law officers of the crown, as to enable them to secure exemption under this section.

The commission recommended in effect that cooperatives be placed in a position of tax equality with other forms of business enterprise. This principle is sound but it is by no means easy to apply. What is the taxable income of a cooperative? There may be some cooperatives which so conduct their affairs as to have no taxable income within the meaning of the Income War Tax Act. There may be others which so conduct their affairs as to have a very limited income within the meaning of the act. There are, moreover, a variety of payments in proportion to patronage, which for want to a better term I shall call patronage dividends, the status of which is by no means clear. Let me quote a passage from the report of the McDougall commission:

> . . . the (cooperative) association is, to some extent, obligated to make return to the members in proportion to patronage. These returns resemble in part an ordinary price rebate or discount. However, their amount is affected by the efficiency of management of the association and a variety of unpredictable circumstances beyond its control. It may be affected also by revenue from the investments of the association in bonds or other securities. It may be influenced as well by the policy the association follows with respect to engaging in business with non-members and granting patronage returns to the latter. On the other hand, if satisfactory returns of this kind are not made, it is probable that the membership and the business of the association will decrease. Functionally, then, the so-called patronage dividends may partake of the nature of a return of profits to the members, or a return of excess charges, or a return of investments, or an expense of the association.

While it will be seen that the commission recognized the complex and ambiguous character of these so-called patronage dividends, it took the general position that such of these payments as are made readily available to the members or customers should be considered income of the members or customers and not of the cooperative association. To avoid discrimination it advised that a similar attitude be taken towards patronage dividends distributed by ordinary companies, partnerships or individual business enterprises.

These simple rules for the tax treatment of patronage dividends would appear to offer the basis of a reasonable solution for an extremely vexatious problem. It will be observed, however, that they involve a departure from one of the cardinal principles of our tax system, for they recognize as a deductible item a distribution which represents in some cases and to some extent at least, as the commission pointed out, a distribution of trading profits. In other words, if all distributions in proportion to patronage are wholly freed from tax, a cooperative association or an ordinary company could reduce the taxes it might otherwise have to pay by distributing its income in one form rather than another, for example, in the form wholly of patronage dividends which would be non-taxable rather than in the form partly of patronage dividends and partly of dividends on share capital which are taxable. The trading cooperative which recognized an obligation to pay interest or dividends on its capital prior to the distribution of patronage dividends would under such conditions pay a greater proportionate tax on its income than the trading cooperative which did not recognize such an obligation. It will be agreed that a tax law having such a discriminatory effect and which could be used to reduce taxes that would otherwise be payable under our law is to be avoided if at all possible.

One possible alternative would be to dispense with any special legislation with regard to these so-called patronage dividends, relying

on appeals to the courts to establish the status of the payments under the general tax laws. But this might mean prolonged litigation during which cooperatives and other companies would be in a very unhappy position and it is doubtful whether in the end any principles of wide and ready application would be established by the courts.

After careful consideration, the government has, therefore, come to the conclusion that it should accept the commission's recommendation that patronage dividends and similar payments be treated as a deduction from income subject to one relatively minor limitation designed to avoid at least some of the discriminatory effects I have mentioned. The limitation is this: that no company or association shall be able to go so far in its distribution of tax-free patronage dividends as to reduce its taxable income below a reasonable return on capital employed in the business. This reasonable return will be defined as three per cent on the capital employed, including borrowed capital, less the interest paid by the company or association on borrowed capital that is allowed as an expense in the computation of the taxpayer's income. The principle underlying this rule is that amounts set aside out of taxable income to be distributed in proportion to patronage by a cooperative or company which does not pay at least three per cent on the capital employed in its business contain earnings which arise from the employment of capital and ought not to escape tax entirely. For many cooperatives which pay patronage dividends this modification of the commission's recommendation will have little or no effect, for they already recognize an obligation to pay interest or dividends equal to at least three per cent on capital or retain undistributed income on which tax will be payable. Share capital with a limited dividend and with limitation of voting to one share per member rather than one vote per share was a characteristic feature of the plan of organization of the Rochdale Equitable Pioneers Society, the real founders of the cooperative movement. Cooperatives of this character will usually be able to claim the full amount of their cash patronage dividends as a deductible allowance. Any cooperative which does not set aside as taxable reserves or pay as interest or dividends a total amount equal to three per cent of capital employed, will find itself subject to tax on a portion of the amount it had set aside out of its income to distribute on the basis of patronage.

It is proposed that this provision relating to the deductibility of patronage dividends shall come into effect for taxation years ending in 1946.

The first step in determining the tax liability of a cooperative or any other company will therefore be to compute its taxable income in the ordinary way. In this computation the cooperative or company will continue to be able to claim as an expense payments that are found to be enforceable obligations of the cooperatives and not profit-sharing distributions. Having determined its taxable income the cooperative or company will then be able, if the proposed amendment is adopted, to deduct distributions in proportion to patronage paid out of income in that year subject to the limitation I have outlined above.

The government agrees with the commission that to qualify as a deduction from taxable income, patronage dividends should be paid shortly after the end of the fiscal year and on the same basis to members and customers alike. Some cooperatives which finance on the so-called "revolving fund" principle allocate their surplus each year in proportion to patronage, but make the cash distributions in respect of such allocations in a later year. Patronage dividends allocated but not paid in years subsequent to 1941 will be allowed as a deduction to the extent previously indicated in any year from 1946 on during which they are paid.

Following the commission's recommendation, the proposed amendment will also make it a condition of deductibility for the future that the cooperative or company shall hold forth the prospect to its customers prior to the commencement of its taxation year that distributions will be made on a patronage basis. In the case of a cooperative, it will be sufficient that the statute under which it is organized, its charter, its by-laws or a contract with its customers holds forth this prospect. In the case of any other company, the requirement will be an advertisement in a newspaper circulating in the area in which the company does business.

Finally, the government accepts the commission's recommendation that newly-formed cooperatives which commence business after December 31, 1946, be exempt from tax for a three-year period. This concession is intended to assist only bona fide cooperatives consisting entirely of individuals organized under provincial cooperative law going into business for the first time which do not acquire directly or indirectly the assets or good will of an exist-

ing business, and there will be other suitable safeguarding provisions to assure the true intent of the provision.

I am not sanguine enough to believe that these proposals will meet with complete approval, either in this house or outside. Some will continue to urge complete tax exemption for cooperatives or an even more liberal attitude than has been proposed with respect to patronage dividends. Others will contend that we are going too far in allowing patronage dividends as a deduction from taxable income under any circumstances. As long as it is necessary to retain a tax on corporate profits it will be impossible completely to reconcile these conflicting points of view. In the meantime the best that can be hoped for is a reasonable working arrangement which preserves substantial equity between competing forms of enterprise and safeguards the essential interests of the treasury.

So far I have been dealing with proposed changes in the law to clarify the tax position of cooperatives and patronage dividends for the future. Even if these are adopted, however, cooperatives and ordinary companies which have been paying patronage dividends during the past few years will still be uncertain as to their position under the present law. This is purely an administrative matter, but it is so important to the interests concerned as to call for some statement of government policy.

From 1930, when the section was enacted, until about 1940, section 4 (p) of the Income War Tax Act was interpreted by the tax officials as giving complete exemption to the vast majority of cooperative organizations. During 1940, however, serious doubts were raised as to the correctness of this view and in January, 1941, the Department of Justice was asked for a ruling in the cases of the Manitoba, Saskatchewan and Alberta wheat pools. In the opinion of the department all three wheat pools are taxable under the present law. This opinion was notified to the parties concerned during 1941 and 1942. Immediately thereafter the Department of Justice was asked to consider whether patronage dividends paid by the wheat pools, the United Grain Growers and certain other elevator companies were allowable deductions in the computation of income for tax purposes. In February, 1943, the department gave its opinion that in none of the cases submitted were patronage dividends an allowable deduction.

In view of these opinions the government felt it desirable to bring the wheat pool cases before the courts for final determination, and the Department of Justice advised that the most practical method of doing so was to issue an assessment which the pools might appeal. This was done. The pools thereupon appealed but when the McDougall commission was appointed further proceedings were stayed.

The commission was not asked to make recommendations with regard to the obligations of taxpayers under the existing law but it did feel called upon to make a general comment, which I shall quote:

> One proposal made to us was that any recommendations for taxing cooperative associations should apply retroactively. Were it not that this point was pressed upon us with some insistence, we would pass it in silence. We do not regard it as any part of our function to make any recommendations which, if enacted into law, would affect the rights or obligations of taxpayers under the existing law. It is the duty of those charged with the responsibility of administering the Act to apply its provisions as they understand them. If doubt or uncertainty arises, the courts are always available both to the taxpayer and to the crown to establish their respective rights and obligations. Having regard, however, to the ambiguities contained in section 4 (p) of the Income War Tax Act and the resulting (though understandable), hesitant administrative practice in applying it, we are of the opinion that cooperative associations have so conducted their affairs that great hardship would result should our recommendations be made to apply retroactively. We also feel that many of them would be prejudicially affected if the existing law should be interpreted so as to make them liable for payment of taxes for the period subsequent to the enactment of section 4(p). Believing as they did, and not discouraged in that belief by the administrative attitude, we venture the hope that those cooperative associations which have, in good faith, conducted their affairs in the light of a possible, even plausible, construction of the section in question will be accorded relief from payment of taxes on patronage dividends actually or constructively paid to their members or customers, since the enactment of section 4 (p).

In general, the government agrees with the position taken by the commission and it proposes, therefore, to act on the principle of good faith in assessing cooperatives which are found to be taxable under the existing law. Acting on this principle, provision will be made whereby the income tax administration will not be required to collect tax from any cooperative in respect of any year during which it had reason to believe it was exempt and in respect of which it was led to believe by the income tax administration that it was exempt. While this means that the great majority of cooperatives will be substantially relieved from tax obligation with respect to years subsequent to 1930, the government agrees with the commission that to revive at this late date tax claims in cases such as those mentioned above might cause great hardship to hundreds of small enterprises.

As I have indicated, however, there are some cooperative organizations, notably the wheat pools, which have had reason to believe for some years that they would be subject to tax. The administration will endeavour to apply the same principle of good faith in making assessments in these cases. To be specific, the government is willing to relieve the wheat pools from any liability for tax for fiscal years earlier than those ending in 1942. Furthermore, the government is willing to allow as a deduction from taxable income patronage dividends, refunds of excess charges, and similar amounts actually paid in cash by the wheat pools in fiscal years ending in 1942 and 1943, but not in 1944 and 1945 because well before 1944 these organizations were aware of the legal opinion of the Department of Justice. Patronage dividends distributed or set aside for payment pending settlement of the tax issue by the private elevator companies and the United Grain Growers will be accorded the same treatment as similar payments made by the wheat pools, that is, if the wheat pools accept the foregoing basis of settlement, they will be allowed as a deduction from income for the taxation years up to and including 1943 but not for later years.

Under all the circumstances, the government believes this is a most reasonable compromise and offers it as a basis of settlement. If it is not acceptable to the organizations concerned, the courts must determine the legal position.

Before I leave the subject of cooperatives, I may add that we are accepting the main recommendations of the McDougall commission regarding the taxation of mutual organizations carrying on the business in Canada of fire, casualty and automobile insurance. Such organizations will henceforth be subject to income tax but dividends on or refunds of premiums to policyholders, whether paid in cash or applied against renewal premiums, together with any unabsorbed premiums or premium deposits returned to or payable to policyholders, and any other amount credited to a policyholder or subscriber in such a way that it is exigible by him on giving reasonable notice may be deducted in computing taxable income. To prevent discrimination, joint stock companies carrying on the same line of business will similarly be allowed to deduct dividends paid or refunds of premiums to policyholders in computing taxable income. Credit unions which derive their incomes primarily from loans made to members and federations of credit unions will continue to be exempt from tax. Also the tax free status of organizations which derive all their premium income from the insurance of churches and schools will be preserved.

APPEAL BOARDS

There is an important announcement I should like to make with regard to a proposed new feature of our income tax system.

As the house is aware, there has been an increasing demand from taxpayers for a less expensive and more convenient method of appeal from income tax assessments. A special committee set up in another place to examine into the provisions and workings of the Income War Tax Act, has made a careful study of the present appeal procedure and some recommendations which are extremely useful. Their main suggestion was for the setting up of a board of tax appeals. It is proposed to accept this suggestion with certain modifications.

The proposed board will be appointed by the governor in council and will consist of a chairman and two assistant chairmen, having specified legal qualifications, and not less than three nor more than nine other members. The board will be a court of record and will hear in various parts of Canada appeals from income tax assessments for the year 1946 and succeeding years. Appeals may be taken from decisions of the board of tax appeals to the exchequer court. The rules of procedure before the board will be such that taxpayers will, without great expense to themselves, have a convenient method of obtaining judicial decisions in disputed income tax matters.

The proposed board will decide questions of fact and law in the same manner as any other court. It will not, however, have the power to exercise or review the discretions vested in the Minister of National Revenue by the Income War Tax Act. It is proposed to provide for the review of these discretions in a different way.

There is some complaint about the existing provisions of the law in so far as these discretions are concerned. After careful consideration, the government has concluded that an advisory board, separate altogether from the appeal board to which I have referred, should be set up to advise the Minister of National Revenue upon the exercise of certain of his discretionary powers. The house will recall that under the Excess Profits Tax Act a board of referees was set up to advise the minister with regard to standard profits. The government's proposal is to establish an income tax advisory board, consisting of a chairman and not less than two and not more than six other members, to which a taxpayer may require the Minister of National Revenue to refer for

hearing, consideration and advice, decisions made by the minister in the exercise of specified discretionary powers. I may add that instructions are being given to the interdepartmental drafting committee to explore carefully the possibility of reducing the number of discretions now vested in the minister or at least of providing for their exercise under regulations approved by the governor in council.

SUCCESSION DUTIES

The only changes proposed in the Succession Duties Act are the new schedule of rates and the provision for the system of tax credits which I have already described. The new rates will apply in the case of deaths occurring on or after January 1, 1947. It is estimated that the new rates will yield a gross revenue of $48-50 million in a full year, which will, of course, be reduced by the amount of the credits allowed against the dominion duty in any province which wishes to remain in the field.

EXCISE TAXES AND DUTIES

In the general field of excise taxes only minor changes will be made. The tax on cigars, for example, will be revised by replacing the present graduated schedule of excise tax rates by a flat ad valorem rate of 25 per cent and reducing the excise duty from $3 per thousand on cigars to $1 per thousand. This revision will place the cigar tax on a more equitable and more efficient basis and will result in a slight increase in revenue. Consequent upon the adoption of the McDougall commission's recommendations in regard to the application of the income tax to mutual fire and casualty insurance companies, the rates of premium tax on the various classes of such companies will be reduced as set out in the resolutions.

TARIFF

Members of the house will recall that in connection with the budget resolutions of last session I referred to the then impending trade discussions of an international character and went on to state that "the present is not the time, by isolated or unilateral action, to change the existing tariff in any particular." Although six months have elapsed, I am to-day in much the same situation as I found myself in last November. The proposed international negotiations on various aspects of commercial policy, including tariffs, are still ahead of us. But the time-table that had appeared feasible last fall has proved impracticable, having in mind the large number of governments that have indicated a desire to participate in what are bound to be complicated and protracted discussions. In the interval there has been a quite important change in the setting of the proposed negotiations, in that these are now directly under the ægis of the united nations organization, through its economic and social council. The council has appointed a preparatory committee for an international trade conference, on which committee are represented those countries which intend to take part in the negotiations.

In the circumstances I have deemed it inadvisable to introduce at this time anything in the nature of comprehensive or important tariff changes or changes of a type that may soon be the subject of tariff negotiations with other countries from which we may desire and reasonably expect tariff concessions. Subject to this general principle there are proposed a number of minor adjustments in the tariff to which I need not refer in detail. No increases are proposed. Some changes are to facilitate administration, some embody the provisions of outstanding orders in council passed under the War Measures Act, some reflect small changes in wording of items resulting from technological advances, some affect reductions designed to reduce costs in cases where the item amended would have virtually no importance in trade negotiations and one is related to a reduction being proposed in excise duties.

CONCLUSION

The proposals which I have now announced will, it is estimated, result in a reduction of our tax revenues by about $254 million in a full year under economic conditions similar to those at present, and an increase in family allowance payments, directly related to the tax changes, of $12 million, making a total cost of $266 million. This does not take into account any further reductions due to income tax and succession duty credits that will be given to taxpayers of provinces remaining in these fields. These and other effects of the offer to provinces cannot, of course, be estimated until we know what provinces plan to accept it.

For the current fiscal year, the tax reductions and the other proposals I have announced will have only a relatively small effect on our revenues and expenditures because the important tax changes become effective only as of January 1 next, and the new agreements with the provinces will commence, at least in most cases, only at the beginning of the next fiscal year. There will probably be a reduction of personal income tax revenue of about $25 million, an increase of about $3 million in the cost of family allowances, and a decrease in excess profits tax and corporate income tax revenue, taken together, of about $10 million.

The house will recall that on the basis of the present tax structure I forecast a budget deficit for the current year of roughly $260

million. As a result of the changes proposed in this budget, the deficit appears likely to be increased to roughly $300 million. This means that we will be covering nearly 90 per cent of our expenditures from revenues, a more rapid approach to the balancing of the budget than I expected to be possible some months ago.

While it is too early to predict the situation in the following fiscal year, that is, 1947-48, we may reasonably look forward to a further substantial decline in our expenditures, particularly for national defence and for veterans' benefits, and as a result of the termination and liquidation of war contracts. There may be some moderate increases in certain other expenditures and perhaps also decreases in certain revenues such as special receipts, but if we succeed in maintaining high employment and income we should be able to look forward to something like a balanced budget in that year.

Of course, in that year, as in this one, we shall need to borrow in order to finance loans and investments. But the scale of our borrowing should be smaller than in the current year. This year we must finance not only the anticipated deficit of $300 million but also the large programme of loans, advances and investments which, as I have already indicated, may involve a sum in the neighbourhood of a billion dollars. While we began the year with a large cash balance, a considerable portion of it was in currencies other than Canadian and government requirements will necessitate a fairly high cash balance at the end of the year. Apart from refunding or repayment of debt, borrowing requirements for the year may be estimated at roughly a billion dollars. This is a great deal less than the figure for last year but it is nevertheless a substantial part of the total savings which the Canadian people and their institutions will make during the year. We must therefore continue our efforts to encourage savings and their investment in government securities, including the proposed Canada saving bonds which I announced last week.

In conclusion, I would like to stress one thought. We Canadians can achieve great objectives if we can agree among ourselves upon those objectives and devote our energies to reaching them. That is clearly shown by what happened in the war. Now that the war is over, we have an opportunity to select and to achieve objectives just as challenging, just as exciting as those of war, but of a constructive and progressive nature. I believe that the Canadian people, if properly informed, are prepared to agree, by and large, upon great peacetime objectives and to devote to their attainment something of the same spirit and energy which made our war achievements possible. It is the duty of all of us in government, in business, in labour, in agriculture, to do all that we can now to make possible that agreement upon ends and upon means which will enable Canada in peace to be worthy of the record of Canadians at war.

INCOME WAR TAX ACT

Resolved, that it is expedient to amend the Income War Tax Act and to provide:

1. That for the 1947 and subsequent taxation years the present rules for computation of personal income tax be replaced by the following schedule of graduated rates:

On the first $250 of income or any portion thereof, 22 per cent per annum; or

$55 upon the income of $250; and 25 per cent upon the amount by which the income exceeds $250 and does not exceed $1,000; or

$242.50 upon the income of $1,000; and 28 per cent upon the amount by which the income exceeds $1,000 and does not exceed $2,500; or

$662.50 upon the income of $2,500; and 31 per cent upon the amount by which the income exceeds $2,500 and does not exceed $4,500; or

$1,282.50 upon the income of $4,500; and 34 per cent upon the amount by which the income exceeds $4,500 and does not exceed $6,500; or

$1,962.50 upon the income of $6,500; and 38 per cent upon the amount by which the income exceeds $6,500 and does not exceed $8,500; or

$2,722.50 upon the income of $8,500; and 42 per cent upon the amount by which the income exceeds $8,500 and does not exceed $10,500; or

$3,562.50 upon the income of $10,500; and 46 per cent upon the amount by which the income exceeds $10,500 and does not exceed $13,000; or

$4,712.50 upon the income of $13,000; and 50 per cent upon the amount by which the income exceeds $13,000 and does not exceed $18,000; or

$7,212.50 upon the income of $18,000 and 55 per cent upon the amount by which the income exceeds $18,000 and does not exceed $30,000; or

$13,812.50 upon the income of $30,000 and 60 per cent upon the amount by which the income exceeds $30,000 and does not exceed $50,000; or

$25,812.50 upon the income of $50,000 and 65 per cent upon the amount by which the income exceeds $50,000 and does not exceed $70,000; or

$38,812.50 upon the income of $70,000 and 70 per cent upon the amount by which the income exceeds $70,000 and does not exceed $100,000; or

$59,812.50 upon the income of $100,000 and 75 per cent upon the amount by which the income exceeds $100,000 and does not exceed $150,000; or

$97,312.50 upon the income of $150,000 and 80 per cent upon the amount by which the income exceeds $150,000 and does not exceed $250,000; or

$177,312.50 upon the income of $250,000 and 85 per cent upon the amount by which the income exceeds $250,000.

2. That for the 1947 and subsequent taxation years the following deductions from income be allowed:—

(a) $1,500 in the case of married persons and persons allowed a deduction equivalent to that of a married person and $750 in the case of all other persons;

(b) $300 in the case of dependents not eligible for family allowances, $100 in the case of children eligible for family allowances and amounts not exceeding $300 contributed to the support of partial dependents.

3. That for the 1947 and subsequent taxation years the deduction of $1,500 from the income of a married person be reduced

(a) where the spouse has an income of more than $250 and less than $750 by the amount by which the spouse's income is more than $250, or

(b) where the spouse has an income of more than $750, to $750

whether or not the wife's income is earned income.

4. That in respect of income earned after December 31, 1946, the ordinary income tax rate for corporation income be increased from 18 per cent to 30 per cent and from 20 per cent to 32 per cent in a case where a company and its subsidiaries file a consolidated return.

5. That the exemption of investment income for purposes of the 4 per cent tax on investment income be increased for the 1947 and subsequent taxation years from $1,500 to $1,800.

6. That a deduction from tax be allowed in the 1946 and subsequent taxation years to a taxpayer who resides or is ordinarily resident in Canada during only a part of the taxation year of a portion of the tax that would otherwise be payable upon his income during the taxation year that bears the same relation to the whole tax as the period in the taxation year during which he is not resident or ordinarily resident in Canada bears to the whole taxation year.

7. That there be established, with provision for the expenses thereof, an income tax appeal board consisting of a chairman and two assistant chairmen having specified legal qualifications and not less than three nor more than nine other members appointed by the governor in Council, as a court of record, to hear, in any part of Canada, appeals from assessments made by the Minister of National Revenue in respect of the 1946 and subsequent taxation years and that an appeal may be taken from a decision of the appeal board to the Exchequer Court of Canada.

8. That there be established, with provision for the expenses thereof, an income tax advisory board consisting of a chairman and not less than two nor more than six other members appointed by the governor in council to which a taxpayer may require the Minister of National Revenue to refer for hearing, consideration and advice a decision to which the taxpayer objects made by the Minister in the exercise of specified discretionary powers in respect of an assessment for the 1946 and subsequent taxation years.

9. That for the 1947 and subsequent taxation years, a taxpayer, other than a corporation or joint stock company, may deduct from the tax otherwise payable by him the amount of tax on income paid by him to the government of any province in which he resides not exceeding five per cent of the tax otherwise payable by him.

10. That for the 1947 and subsequent taxation years, a corporation other than a corporation whose income is primarily obtained from mining or logging operations shall not be allowed to deduct from income any corporation tax as defined in the existing wartime tax agreements paid to the government of a province.

11. That there be allowed as a deduction from income earned after January 1, 1947, of a corporation whose income is primarily obtained from mining or logging operations taxes paid by it to the government of any province including income tax on income earned after January 1, 1947.

12. That for the 1947 and subsequent taxation years, the provision exempting the income of certain cooperative companies and associations be repealed and that for the 1946 and subsequent taxation years provision be made that there may be deducted from a taxpayer's income the aggregate of the payments made.

(a) in the taxation year or within six months thereafter to his customers of the taxation year; and

(b) in the taxation year to his customers of a previous taxation year after the 1941 taxation year and not previously deducted under paragraph (a)

in respect of specified allocations in proportion to patronage for the said years the prospect of which was held forth

(c) by the statute or by-laws under which the taxpayer carries on business or by his contracts with his customers, or

(d) by the taxpayer in a specified manner prior to the commencement of the taxation year

except that portion of such payments as would if deducted leave the taxpayer with an income less than an amount determined by deducting from three per cent of the capital employed in the business, including therein borrowed moneys, the interest paid by the taxpayer on borrowed moneys and deductible as an expense in computing his income.

13. That for the 1946 and subsequent taxation years, paragraph (q) of section four which exempts from taxation the income of credit unions be amended to exempt the income of any credit union or any corporation or association the members of which are credit unions which derives its revenue primarily from loans made to members residing within the province to which it is restricted for carrying on its business.

14. That for the 1947 and subsequent taxation years, the provision exempting from tax the income of mutual corporations not having a capital represented by shares be amended to remove therefrom mutual insurance corporations except mutual insurance corporations which derive their premiums wholly from insurance of churches, schools or other religious, educational or charitable institutions.

15. That for the 1947 and subsequent taxation years, there may be deducted for the purposes of this Act, from the income of insurance companies, other than life insurance companies, whether mutual corporations or joint stock

companies, amounts credited to policyholders by way of dividends or refund of premiums or refund of premium deposits and either

(a) paid to the policyholder,

(b) credited to the policyholder on account of premiums for renewal of policies or

(c) credited on terms under which the policyholder is entitled to or may obtain payment thereof within a period not exceeding thirty days after demand for payment by him and if notice of crediting on such terms has been given to the policyholder.

16. That the income of a corporation or association commencing business after December 31, 1946, incorporated or registered under provincial cooperative legislation and organized and operated as a bona fide cooperative for the purpose of marketing natural products of or acquired from its members, or of purchasing supplies, equipment or household necessities for, or to be sold to, or of performing services for, its members be exempt from taxation during the first three complete taxation years following the commencement of business.

17. That a farmer or fisherman be permitted for the 1948 and subsequent taxation years, at his option, to compute his liability to pay tax on the average of his income for the taxation year and the two preceding taxation years.

18. That for the 1946 and subsequent taxation years, the service pay and allowances, other than travelling allowances or separation allowances in place of travelling allowances, of a member of the permanent Canadian naval, military or air forces paid at the new rates of pay and allowances established for the said permanent forces be taxable income of a member irrespective of

(a) whether he is serving within or outside of Canada; or

(b) whether he receives the pay and allowances during the first six months after his return to Canada.

19. That for the 1947 and subsequent taxation years the pay and allowances of a member of the non-permanent Canadian naval, military or air forces other than the pay and allowances received by a member serving outside of the western hemisphere or within six months of his return thereto be taxable income of the said member and that the provisions for (a) a tax credit in respect of pay and allowances exceeding $1,600 as provided by rule 2 of section 3 of paragraph A of the first schedule; and for (b) taxation of a member serving outside of Canada in the western hemisphere at one-half the effective rate of tax applicable to his total income be repealed.

20. That the exemption of amounts received by members of the merchant marine as war risk bonuses in respect of service in a war risk zone and of the value of board and lodging received on shipboard, while performing service in respect of which such bonuses are payable be repealed for 1947 and subsequent taxation years.

21. That, where an elected member of a provincial legislature is, under an act of the provincial legislature, paid an allowance for expenses incidental to the discharge of his duties as a member, the allowance received in the 1946 or a subsequent taxation year be deemed, to the extent of not more than one-third of the aggregate of his normal sessional indemnity as a member and the said allowance, not to be salary or taxable as income.

22. That where the author or joint author of a literary, dramatic, musical or artistic work on which he was engaged for a period of more than twelve months assigns the copyright therein wholly or partially and has in the 1946 or a subsequent taxation year received within one year of the assignment in consideration therefor an amount, the whole of which would otherwise be included in computing his income during the taxation year a specified part or parts of the consideration may, at his option, be attributed to his income during certain previous taxation years.

23. That the special rates provided for non-resident-owned investment corporations be reduced for the 1947 and subsequent taxation years from 22½ per cent to 15 per cent but that such corporations be taxable on all income received in Canada subject to deductions from the said income in respect of interest and dividends received from other such corporations and foreign taxes paid by the corporation.

24. That for the 1947 and subsequent taxation years investment corporations whose profits are now exempt from tax under paragraph (f) of section seven of the Excess Profits Tax Act, 1940, be exempt from tax upon income and that such corporations that would be so exempt except that they have outstanding bonds, debentures or other securities evidencing bonded indebtedness pay tax upon income at one-half the rate for corporations.

25. That for taxation years ending after June 30, 1947, a corporation be permitted to deduct from income amounts paid to charitable organizations not exceeding 5 per cent of the income of the corporation subject to taxation without the limitation presently thereon.

26. That persons entitled to a payment out of an employee's superannuation or pension fund or plan, the investment income of which has been exempt from taxation by reason of an election for such exemption by the trustees or corporation administering the fund or plan, be allowed in the 1946 and subsequent taxation years as an alternative to the present deduction from the pension or superannuation payment, an amount computed on the basis of the amounts paid by the employee together with simple interest on such amounts at 3 per cent per annum.

27. That the special provisions with regard to

(a) payments out of a superannuation or pension fund plan upon the death, withdrawal or retirement from employment of an employee or former employee in full satisfaction of all his rights in the fund or plan,

(b) payments by an employer to an employee upon retirement in recognition of long service, and

(c) payments by a person to a former employee in respect of loss of office or employment

be replaced by a provision for the taxation of amounts so received after June 27, 1946, at the option of the taxpayer either as income for the year in which he received the amounts or at a rate equal to the percentage which the tax upon the taxpayer's income during his last full year in the employment is of that income.

28. That for 1946 and subsequent taxation years the provision under which the minister may allow double depreciation in respect of plant or equipment built or acquired as a new investment in a period to be fixed by the governor in council be amended to provide that the allowance be made only in respect of such classes of plant or equipment as may be determined by the governor in council.

29. That the deduction in respect of income for a taxation year ending between the last day of December, 1942, and the first day of the year of expenditure in respect of one-half of expenditures made

(a) in connection with maintenance or repairs by a taxpayer carrying on a business, or

(b) on underground development by a taxpayer operating a mine,

in a period to be fixed by the governor in council, be restricted to an amount

(c) if the year for deduction is the 1946 taxation year not greater than the taxpayer's excess profit in that year as defined for the purposes of the Excess Profits Tax Act, 1940, or

(d) if the year for deduction is a taxation year prior to 1946, not greater than the taxpayer's profits in the said year above the point at which the tax calculated for the said year under the first part of the second schedule to the Excess Profits Tax Act, 1940, was equal to the tax calculated for the said year under the second part of the second schedule to the said Act

and that no such deduction be allowed in respect of the income for a taxation year commencing after 1946.

30. That a corporation or joint stock company shall pay a tax at one-half the ordinary rate of income tax for corporations upon income derived on or after January 1, 1947, from the operation of a mine

(a) that has come into production during the period commencing January 1, 1944, and ending December 31, 1949, and

(b) that, in the case of a mine that has come into production before January 1, 1946, is a basic metal or strategic mineral mine and in the case of a mine that has come into production after January 1, 1946, is a metalliferous or industrial mineral mine,

during the first three complete taxation years after the mine comes into production.

31. That the deductions from tax allowed to a corporation whose principal business is the production, refining or marketing of petroleum or petroleum products in respect of drilling and exploration costs be extended to oil wells spudded in during the year 1947 and the deepening of oil wells which is commenced in 1947 but that in respect of such well the deductions be reduced from 26⅔ per cent and 40 per cent of the cost to 20 per cent and 30 per cent respectively.

32. That the deduction from tax allowed to a corporation, association, syndicate or exploration partnership formed for the purpose of exploring and drilling for oil in respect of exploration and drilling expenses be extended to expenditures incurred during the year 1947 but that in respect of expenditures in that year the deductions be reduced from 26⅔ per cent to 20 per cent thereof.

33. That the deduction from tax allowed to a corporation, association, syndicate or exploration partnership formed for the purpose of exploring and drilling for natural gas be extended to expenses incurred in the year 1947 but that in respect of such expenditures the deduction be reduced from 30 per cent to 22½ per cent.

34. That the deduction from tax allowed to a corporation, whose chief business is that of mining or exploration of minerals in respect of prospecting, exploration and development expenses incurred in searching for minerals be extended to expenses incurred in the year 1947 but that in respect of the expenses incurred in that year the deduction be reduced from 26⅔ per cent to 20 per cent.

35. That the deduction from tax allowed to a corporation, association, syndicate or exploration partnership whose principal business is production, refining, or marketing of petroleum or exploration or drilling for petroleum in respect of expenditures made in connection with a deep-test oil well, be extended to expenditures made in connection with deep-test oil wells spudded in during the year 1947.

36. That no interest shall be payable on unpaid taxes upon incomes of the 1945 or a subsequent taxation year in respect of a period commencing twenty months after the day fixed for filing the return for the taxation year and ending one month after the sending of the notice of assessment.

37. That the provision for payment of interest by corporations on the amount of taxes unpaid after payment of instalments of estimated tax commencing six months after the end of the taxation year be amended to require payment of interest on the said unpaid amount from the end of the taxation year.

EXCESS PROFITS TAX ACT

Resolved, that it is expedient to amend the Excess Profits Tax Act, 1940, and to provide:—

1. That the provision for taxation of excess profits of every person residing or ordinarly resident in Canada be amended to exclude therefrom in respect of excess profits earned after December 31, 1946, persons other than corporations or joint stock companies and to reduce the rate of tax on excess profits earned after December 31, 1946, from 20 per cent to 15 per cent.

2. That with respect to profits earned after December 31, 1946, the provision for taxation of profits of every corporation or joint stock company be repealed.

3. That for the 1947 and subsequent taxation years investment corporations that have outstanding bonds, debentures or other securities evidencing funded indebtedness be exempt from excess profits tax.

DOMINION SUCCESSION DUTY ACT

Resolved, that it is expedient to introduce a measure to amend the Dominion Succession Duty Act and to provide:

1. That rates of tax upon or in respect of any succession upon the death of a person after

December 31, 1946, shall be twice the rates presently in force and that the tax paid to the government of any province in respect of the same succession be allowed as a deduction from the tax payable under the Dominion Succession Duty Act up to but not exceeding one-half of the tax otherwise payable under the said act.

SPECIAL WAR REVENUE ACT

Resolved, that it is expedient to introduce a measure to amend the Special War Revenue Act and to provide:

1. That the securities transfer tax be extended to apply to rights to receive shares of stock;

2. That the present graduated excise tax on cigars be changed to an ad valorem tax of 25 per cent;

3. That any enactments founded on resolutions Nos. 1 and 2 shall be deemed to have come into force on June 28, 1946 and to have applied on all goods imported or taken out of warehouse for consumption on or after that day and to have applied to goods previously imported for which no entry for consumption was made before that day;

4. That the rate of premium tax payable by mutual insurance companies other than life insurance companies and companies carrying on business under the premium deposit plan be reduced from 3 per cent to 2 per cent, and in the case of exchanges from 4 per cent to 2 per cent in respect of premiums received after December 31, 1946;

5. That the rate of premium tax payable by insurance companies carrying on business under the premium deposit plan be reduced from 4 per cent to 3 per cent in respect of premiums received after December 31, 1946; and

6. That a deduction be allowed to insurance companies from the premium taxes payable under the act of the taxes on premiums, paid to the government of any province in respect of premiums received after December 31, 1946.

EXCISE ACT

Resolved, that it is expedient to introduce a measure to amend the Excise Act and to provide:

1. That the excise duty of $3 per thousand on cigars be reduced to $1 per thousand.

2. That any enactment founded on this resolution shall be deemed to have come into force on the twenty-eighth day of June, one thousand nine hundred and forty-six.

THE CUSTOMS TARIFF

1. Resolved, that Schedule A to the customs tariff be amended by striking thereout tariff items 4, 72e, 143, 168, 197d, 208, 216a, 219e, 272b, 326e, 438b, 438c, 438d, 438i, 442, 445j, 462a, 616 (iii), 653, 700a, 703 and 709, the several enumerations of goods respectively and the several rates of duties of customs, if any, set opposite each of the said items, and by inserting the following items, enumerations and rates of duty in said schedule A:

Tariff Item	—	British Preferential Tariff	Intermediate Tariff	General Tariff	Present Rates		
					B. P. Tariff	Intermediate Tariff	General Tariff
4	Horses, n.o.p.....each	$10.00	$12.50	$25.00	$10.00	$12.50	$25.00
72e	Bent grass seed, not to include red-top grass seed.....	15 p.c.	30 p.c.	30 p.c.	15 p.c.	30 p.c.	30 p.c.
90e	Vegetables, frozen.....	10 p.c.	25 p.c.	30 p.c.	15 p.c.	32½ p.c.	35 p.c.
143	Cigars, the weight of the bands and ribbons to be included in the weight for duty.....per pound	$3.50	$3.50	$3.50	$3.90	$3.90	$3.90
	.....and	25 p.c.	25 p.c.	25 p.c.	25 p.c.	25 p.c.	25 p.c.
168	Malt flour containing less than fifty per centum in weight of malt; malt syrup or malt syrup powder, n.o.p.; extracts of malt, fluid or not; grain molasses—all articles in this item upon valuation without British or foreign excise duties, under regulations prescribed by the Minister.....	25 p.c.	30 p.c.	35 p.c.	25 p.c.	30 p.c.	35 p.c.
	.....and per pound	.....	5 cts.	10 cts.	.....	5 cts.	10 cts.
168a	Malt syrup, malt syrup powder, or other starch conversion products produced by the action of enzymes on starch, not including any such products used in the brewing of beer.....	20 p.c.	25 p.c.	30 p.c.	25 p.c.	30 p.c. and 5 cts. per lb.	35 p.c. and 10 cts. per lb.
180e	Engineers' plans, drawings or blue-prints of machines and plant equipment, plant layouts, foundations for machinery and other plant equipment, structural supports and towers and similar outside structures, dams, spillways, and other hydro construction, wiring, piping, platforms, ladders, stairs, etc., not to include office or other buildings.....	Free	Free	Free	12½ p.c.	22½ p.c.	22½ p.c.
192f	Paperboard or fibreboard, single ply, not coated or impregnated, in rolls containing not less than five hundred square feet, when imported by manufacturers of impregnated socklining base, innersoling, welting, or similar materials, for use only in the manufacture of such materials in their own factories	Free	10 p.c.	25 p.c.	15 p.c.	25 p.c.	35 p.c.
197d	Tissue paper, not coated nor impregnated, when imported by manufacturers of stencils for duplicating machines for use exclusively in the manufacture of such stencils in their own factories.....	Free	10 p.c.	25 p.c.	Free 15 p.c.	10 p.c. 22½ p.c.	25 p.c. 25 p.c.

199i	Trays of pulp or pulp board imported for use exclusively in the packaging of apples, in their natural state	Free	7½ p.c.	35 p.c.	20 p.c.	32½ p.c.	35 p.c.
208	Boracic acid and borax in packages of not less than twenty-five pounds weight; hydrofluosilicic acid; tannic acid; ammonia, sulphate of; cyanide of potassium; cyanide of sodium and cyanogen bromide; antimony salts, viz.: tartar emetic, chloride and lactate (antimonine); arsenous oxide; precipitate of copper (crude); verdigris or sub-acetate of copper, dry; sulphur and brimstone, crude or in roll or flour; argols; iodine, crude; bromine; sulphide of arsenic; carbon bisulphide, n.o.p.	Free	Free	Free	Free	Free	Free
219e	Chloropicrin, ethylene oxide, methyl bromide, methyl formate, cyanides, carbon bisulphide, acrylonitrile, or mixtures containing any of these, for use in combating destructive insects and pests	Free	Free	Free	Free Free	Free 20 p.c.	Free 25 p.c.
272b	Paraffin wax, n.o.p.	15 p.c.	22½ p.c.	25 p.c.	15 p.c.	22½ p.c.	25 p.c.
272c	Paraffin wax when imported for use exclusively in the manufacture of candles	10 p.c.	12½ p.c.	25 p.c.	15 p.c.	22½ p.c.	25 p.c.
326e	Articles of glass, not plate or sheet, designed to be cut or mounted; articles of glassware, when imported by manufacturers of silverware to be used in receptacles made of or electro-plated with precious metals or to be equipped with tops made of or electro-plated with precious metals, in their own factories	Free	Free	22½ p.c.	Free 10 p.c.	10 p.c. 30 p.c.	22½ p.c. 32½ p.c.
326k	High thermal shock resisting glass parts when imported by manufacturers of high thermal shock resisting glassware, for use exclusively in the manufacture or in the repair of such articles, in their own factories	Free	Free	25 p.c.	Free	25 p.c.	32½ p.c.
434c	Trucks of welded design with tubular frame, cast steel cross members, rubber mountings and rubber inserted wheels, of a class or kind not made in Canada, and body shells of welded sheet steel, for use in the construction of street railway cars, not to include electric motors or magnetic truck brakes; complete parts of the foregoing	Free	10 p.c.	35 p.c.	Free	30 p.c.	35 p.c.

Tariff Item	—	British Preferential Tariff	Intermediate Tariff	General Tariff	Present Rates		
					B. P. Tariff	Intermediate Tariff	General Tariff
438b	Bearings, clutch release; bearings, graphite; bearings, steel or bronze backed, with non-ferrous metal lining; bushings, graphited or oil impregnated; ceramic insulator spark plug cores, not further manufactured than burned and glazed, printed or decorated or not, without fittings; compressors, air; commutator copper segments; commutator insulating end rings; tapered discs of hot rolled steel, with or without centre hole, for disc wheels; distributor rotors and cam assemblies; door bumper shoes; electric wiring terminals, sockets, fittings and connectors and parts thereof, not to include battery terminals; gaskets of any material except cork or felt, composite or not; ignition contact points; keys for shafting; auxiliary driving control kits, designed for attachment to motor vehicles to facilitate their operation by physically disabled persons, and parts thereof; lenses of glass for head, tail, dome, signal and cowl or parking lamps, and for light reflectors; lock washers; piston ring castings in the rough, with or without gates and fins removed; rails of lock seam section, corners, locks and catches, unplated ventilators and parts thereof, the foregoing being of metal other than aluminum, for the manufacture of window sashes for bus bodies; steel bolts, or studs, capped with stainless steel; switches for lamps, heaters and defrosters and parts thereof; vacuum control assemblies; vulcanized fibre in sheets, rods, strips and tubing; all of the foregoing when of a class or kind not made in Canada and for use in the manufacture or the repair of the goods enumerated in tariff items 424 and 438a, or for use in the manufacture of parts therefor.....	Free	Free	30 p.c.	Free	Free	30 p.c.
438c	Ammeters; arm rests and wheel housing lining of indurated fibre, pressed to shape; axle housings, one piece welded, machined or not; carburetors and parts thereof; chassis frames and steel shapes for the manufacture thereof; cigar and cigarette lighters, whether in combination with a cigarette holder or not, including base, and parts thereof; control ventilator gear box; cylinder lock barrels, with or				Free	25 p.c.	40 p.c.

without sleeves and keys thereof; dash heat indicators and parts thereof; electric gear shift switches and parts thereof; engine speed governor units and parts thereof; fluid couplings, with or without drive plate assemblies, and parts thereof; front axle cross channel king pin support section assembly of steel, in the rough; fuel pumps, vacuum pumps and combinations thereof and parts therefor; gasoline gauges and parts thereof; hinges and parts thereof, finished or not, for bodies; horns and parts thereof; instrument bezel assemblies and parts thereof; instrument board lamps; locks, electric ignition, steering gear, transmission, or combinations of such locks, and parts thereof; mouldings of metal, with nails set in position, lead filled or not; oil filters and parts thereof; oil gauges and parts thereof; pipe lines of tubing, rigid or flexible, covered or not, with or without fittings, and tubing therefor, for oil, fuel, air, or liquid for actuating hydraulic brakes; purifiers for air, and parts thereof; purifiers for oil or gasoline, parts thereof and brackets and fittings therefor; radiator, hood and other grills, assembled or not, and parts thereof, but not polished nor plated, and not to include finish or decorative moulding; radiator ornaments, and hood lift lock ornaments, unplated, and parts, thereof; radiator shutter assemblies, automatic; radiator water gauges; radiator shells and parts thereof, not plated nor metal finished in any degree; shackles, bearing spring, and parts thereof; speedometers and parts thereof; spring covers of metal and closing strips or shapes therefor; stampings, body, cowl, hood, fender and instrument board, of metal in the rough, trimmed or not, but not metal finished in any degree; starter switch assembly and parts thereof; steering wheels, rims and spiders therefor; sun visor blanks of gypsum weatherboard; thermostats and parts thereof; throttle, spark and choke assemblies, including buttons therefor, and parts thereof; tire clamping rings of steel, plated or not; universal joint ball assemblies; voltage control regulators; wind-shield wipers and parts thereof; all of the foregoing when of a class or kind not made in Canada and for use in the manufacture or the repair of the goods enumerated in tariff items 424 and 438a or for use in the manufacture of parts therefor	Free	20 p.c.	30 p.c.	Free Free	20 p.c. 25 p.c.	30 p.c. 40 p.c.

Tariff Item	——	British Preferential Tariff	Intermediate Tariff	General Tariff	Present Rates		
					B. P. Tariff	Intermediate Tariff	General Tariff
	(1) Provided, that if the above articles are imported for use as original equipment by a manufacturer of automobiles, motor vehicles, electric trackless trolley buses or chassis enumerated in tariff items 438a and 424 whose total factory output during the year in which importation is sought does not exceed ten thousand complete automobiles, motor vehicles, electric trackless trolley buses or chassis, and provided that not less than forty per centum of the factory cost of production of such automobiles, motor vehicles, electric trackless trolley buses or chassis, not to include duties and taxes, is incurred in the British Empire, the rates of duty under this item shall be.....	Free	Free	25 p.c.	Free	Free	25 p.c.
	(2) Provided, that if the above articles are imported for use as original equipment by a manufacturer of automobiles, motor vehicles, electric trackless trolley buses or chassis enumerated in tariff items 438a and 424 whose total factory output during the year in which importation is sought exceeds ten thousand automobiles, motor vehicles, electric trackless trolley buses or chassis, and provided that not less than sixty-five per centum of the factory cost of production of such automobiles, motor vehicles, electric trackless trolley busses or chassis, not to include duties and taxes, is incurred in the British Empire, the rates of duty under this item shall be.....	Free	Free	25 p.c.	Free	Free	25 p.c.
	(3) Provided that the Governor in Council may make such regulations, if any, as are deemed necessary for carrying out the provisions of this item.						
438d	Front and rear axles; brakes; clutches; internal combustion engines; steering gears; magnetos; rims for pneumatic tires larger than thirty inches by five inches; transmission assemblies, hydraulic or fluid couplings and torque convertors; drive shafts; universal joints; steel road wheels; and parts of the foregoing, when of a class or kind not made in Canada, and imported by manufacturers of the goods enumerated in tariff items 424 and 438a for use						

	only in the manufacture of motor trucks, motor buses and electric trackless trolley buses, or for the manufacture of chassis for the same.....	Free	17½ p.c.	27½ p.c.	Free Free	17½ p.c. 25 p.c.	27½ p.c. 40 p.c.
	(1) Provided that if the above articles are imported for use as original equipment for motor trucks, motor buses and electric trackless trolley buses, or for chasses for the same, by a manufacturer of the goods enumerated in tariff items 424 and 438a, and provided also that during the year during which importation is sought, not less than forty per centum of the factory cost of production of such motor vehicles and chassis therefor, not to include duties and taxes, is incurred in the British Empire, the rates of duty under this item shall be.	Free	7½ p.c.	27½ p.c.	Free	7½ p.c.	27½ p.c.
	(2) Provided that the Governor in Council may make such regulations, if any, as are deemed necessary for carrying out the provisions of this item.						
438i	Body bottom cross members and steel shapes for the manufacture thereof; bumpers, front and rear, and parts thereof, including spring steel bumper plates; casket tables or platforms for hearses; destination and route sign assemblies, illuminated or not, and parts thereof; direction signals, illuminated or not; door and step mechanism, hand, vacuum or air operated, and parts thereof; door locks and catches and parts thereof; electric switches, buzzers, bells, push buttons, fuse assemblies and parts thereof; forward drive control conversion assemblies and parts thereof; lamps of all kinds, illuminating and indicating, including sockets, flanges, terminals, glassware, lenses and gaskets therefor, assembled or not, but not to include lamp bulbs; metal stampings, oiled and primed or not, and assemblies thereof; rubber fenders; seat operating mechanisms; ventilators, including motor driven fan type, and grills, and parts thereof; window operating mechanisms; all of the foregoing when imported to be used only in the manufacture of motor truck bodies, motor bus bodies, electric trackless trolley bus bodies, motor ambulances and hearses..	Free	Free	20 p.c.	Free Various	Free Various	20 p.c. Various

Tariff Item	—	British Preferential Tariff	Intermediate Tariff	General Tariff	Present Rates		
					B. P. Tariff	Intermediate Tariff	General Tariff
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, and 439c, when imported for use in the manufacture of the goods enumerated in the aforesaid tariff items, or in the manufacture of parts therefor, under regulations prescribed by the Minister	Free	Free	Free	Free Various	Free Various	Various Various
445j	Electric dry shaving machines for use in removing human hair, and parts thereof	Free	Free	10 p.c.	Free 10 p.c.	Free 27½ p.c.	10 p.c. 35 p.c.
446h	Bathtub stampings of metal	Free	10 p.c.	25 p.c.	10 p.c.	27½ p.c.	35 p.c.
462a	Photographic cameras and equipment, and complete parts of the foregoing, for use by professional photographers and commercial photo-finishers in their own business, as follows:— Cameras for professional purposes, for making negatives 4¾ inches by 6½ inches and larger, and the following accessories for use with such cameras: lenses, shutters, exposure meters, range finders, film and plate holders, lens hoods, lens boards, ground glass carriages, reducing backs, reversible adapter backs, lantern slide attachments, film sheaths, combination paper and plate holders, kits, carrying cases, camera stands, camera tripods, camera tripod tops, vignetters, diffusion disks, diffusion disk holders, colour filters, colour filter holders, polarizing screens, polarizing screen holders and backgrounds. Printers, enlargers, heaters, dryers, mounting presses, print washers, automatic film processors, printing frames and tanks for developing, fixing and washing	Free	Free	Free	Free 7½ p.c.	Free 25 p.c.	Free 30 p.c.
475e	Matrices of non-advertising news pictures for reproduction in newspapers and periodical publications enjoying second-class mailing privileges	Free	Free	Free	Free	½ ct. per sq. in.	½ ct. per sq. in.

569d	Woven fabrics, not exceeding two 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	22½ p.c.	32½ p.c.	35 p.c.
616	(iii) Latex, being crude rubber in liquid form, not compounded beyond the addition of preservatives.	Free	Free	Free	Free	Free	Free
653	Brushes of all kinds, n.o.p.....	15 p.c.	30 p.c.	40 p.c.	15 p.c.	30 p.c.	40 p.c.
703	*(a)* Travellers' baggage, under regulations prescribed by the Minister.....	Free	Free	Free	Free	Free	Free
	(b) Goods valued at not more than one hundred dollars included in the baggage accompanying residents of Canada returning from abroad after an absence from Canada of not less than forty-eight hours and acquired by them for personal or household use or as souvenirs or gifts, but not bought on commission or as an accommodation for other persons or for sale, under regulations prescribed by the Minister.....	Free	Free	Free	Free	Free	Free
	Provided that a resident of Canada shall not be entitled to the exemption herein granted within a period of four months from the date of the last exemption allowed, nor shall the exemption be allowed on alcoholic beverages in excess of one quart, or on tobacco in excess of fifty cigars, two hundred cigarettes and two pounds of manufactured tobacco.						
	Provided further that goods entitled to entry under this Item shall be exempt from all imposts, notwithstanding the provisions of this Act, The Customs Tariff Amendment Act, 1939 or any other Act.						
709	*(a)* Goods, including containers or coverings filled or empty, the growth, produce or manufacture of Canada, after having been exported therefrom...	Free	Free	Free	Free	Free	Free
	(b) Goods, including containers or coverings filled or empty, which have once been entered for consumption in Canada and have been exported therefrom.....	Free	Free	Free	Free	Free	Free
	All the foregoing under such regulations as the Minister may prescribe.						

Tariff Item	—	British Preferential Tariff	Intermediate Tariff	General Tariff	Present Rates		
					B. P. Tariff	Intermediate Tariff	General Tariff
	Provided that the goods are returned within five years from the time of exportation without having been advanced in value or improved in condition by any process of manufacture or other means, or combined with any other article abroad; Provided also that any such goods on which a refund of duty or allowance of drawback has been made shall not be admitted to entry under this item except upon payment of duties equal to the refund or drawback allowed; Provided further that any of such goods manufactured in bond or under excise regulations in Canada and exported shall not be admitted to entry except upon payment of the Customs or Excise duties to which they would have been liable had they not been exported from Canada.						
786	Semen of horses, cattle, sheep, goats, asses, swine and dogs, pure bred, for the improvement of stock, under regulations prescribed by the Governor in Council.....	Free	Free	Free	15 p.c.	25 p.c.	25 p.c.
826a	Dies in the rough, not being complete parts of machinery, for use in the manufacture of bolts, nuts, nails, screws, rivets and tacks.....	Free	10 p.c.	35 p.c.	10 p.c.	27½ p.c.	35 p.c.
836	Ultra-violet ray lamps, and complete parts thereof, designated for detecting scheelite ore.....	Free	Free	Free	15 p.c.	25 p.c.	30 p.c.
847	Distillers' solubles obtained from the liquid residue remaining after the alcohol has been removed in the process of distilling grain or molasses mash, whether or not subjected to a fermentation process, when imported without admixture except that necessary for the said fermentation process, for use exclusively in the manufacture of feeds for livestock, poultry or fur-bearing animals, under such regulations as the Minister may prescribe.....	Free	Free	Free	Free 17½ p.c.	Free 25 p.c.	Free 25 p.c.

2. Resolved, that schedule A to the customs tariff be further amended by deleting from the Customs Tariff Amendment Act, 1939, as amended, the following enumerations of goods and rates of additional duties of customs:

Tea, when the value for duty thereof under the provisions of the Custom Act:	
(a) is less than 22½ cents per pound	5 cents per pound
(b) is 22½ cents or more but less than 30 cents per pound	7½ cents per pound
(c) is 30 cents or more per pound	10 cents per pound
All goods specified in customs tariff item 25a	10 cents per pound
All goods specified in customs tariff item 26, except coffee, roasted or ground	10 cents per pound
Coffee, green, and coffee, roasted or ground	10 cents per pound

3. Resolved, that any enactment founded upon the foregoing resolutions to amend the customs tariff or schedules thereto shall be deemed to have come into force on the twenty-eighth day of June, one thousand nine hundred and forty-six, 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.

APPENDIX TO THE BUDGET, 1946-47

A. Review of Government Accounts, 1945-46.

B. Tables on Economic Conditions, 1945-46.

A. GOVERNMENT ACCOUNTS, 1945-46

Comparative Summary Statement of Revenues and Expenditures

1. Although the dominion's fiscal year ends March 31, the books of the dominion for each fiscal year remain open for some time thereafter in order to record expenditures made to April 30 as provided by section 32 of the Consolidated Revenue and Audit Act, and to provide for adjustments which affect revenue and expenditure accounts as well as asset and liability accounts. Final figures for the fiscal year 1945-46 are not yet available, and accordingly the statements which follow, in so far as they relate to 1945-46 revenue, expenditure, investment and balance sheet items, must be regarded as preliminary. In particular they do not reflect the cancellation of $425,000,000 of accumulated liabilities of the United Kingdom under the British Commonwealth air training plans, which are provided for in the financial agreement with the United Kingdom. The relevant article of that agreement and the section of the United Kingdom Financial Agreement Act, 1946, implementing it have not yet come into effect, pending action by the United States Congress on the Anglo-American financial agreement. If and when the Anglo-American financial agreement is approved by congress, immediate action will be taken to implement this provision of the Canadian-United Kingdom agreement. This would result in a cancellation of the item of $425,000,000 listed in the balance sheet given on page 46 of this appendix under the heading of "Loans and Advances." It will also result in an increase of $425,000,000 in war expenditures and total expenditures and a similar increase in the deficit.

2. The following tables show, by main categories and in detail, revenues, expenditures and the increase in net debt for the fiscal year 1945-46 together with comparable figures for the four preceding fiscal years:

STATEMENT OF REVENUES FOR THE LAST FIVE FISCAL YEARS
(Thousands of Dollars)

——	1941-42	1942-43	1943-44	1944-45	Estimated 1945-46
	$	$	$	$	$
TAX REVENUE—					
Direct Taxes—					
Direct Taxes on Incomes—					
Individual Income Tax, including National Defence Tax	296,139	534,138	813,435	767,755	691,586
Tax on Interest and Dividends	26,643	26,711	25,671	27,053	26,824
Taxes on Rents and Royalties	1,626	1,370	1,272	1,546	1,486
Corporation Income Tax	185,836	347,970	311,379	276,404	217,834
Excess Profits Tax	135,168	454,581	468,718	465,805	494,196
Total Direct Taxes on Incomes	645,412	1,364,770	1,620,475	1,538,563	1,431,926
Succession Duties	6,957	13,273	15,020	17,251	21,448
Total Direct Taxes	652,369	1,378,043	1,635,495	1,555,814	1,453,374
Indirect Taxes—					
Customs Import Duties	142,392	118,963	167,882	115,091	128,877
Excise Duties—					
Spirits, malt, etc	46,776	65,594	65,922	72,133	91,275
Cigars, cigarettes and tobacco	65,050	76,372	79,906	83,142	98,228
Licences	40	38	37	37	38
Less Refunds	−1,775	−3,283	−3,741	−3,390	−2,815
Total Excise Duties	110,091	138,721	142,124	151,922	186,726
Excise Taxes—					
Taxes on Commodities—					
Sales Tax	246,553	250,478	339,256	404,109	326,253
War Exchange Tax	100,874	94,553	118,913	98,164	41,198
Automobiles, rubber tires and tubes	16,742	3,062	6,000	6,480	6,701
Beverages	6,247	14,119	19,059	19,442	16,657
Candy and chewing gum	.....	8,185	12,602	12,874	11,904
Cigars, cigarettes and tobacco	333	26,295	54,688	62,306	70,228
Cigarette papers and tubes	3,948	5,056	6,159	6,658	4,645
Electric and gas appliances	8,470	5,306	3,302	4,057	1,272
Furs	.....	3,170	4,199	5,217	4,976
Gasoline	24,752	24,898	24,930	29,671	29,836
Matches and lighters	2,766	2,855	2,874	3,117	3,675
Phonographs, radios and tubes	2,361	1,191	491	1,112	646
Special excise on importations	861	480	508	545	787
Sugar	22,009	14,950	13,048	11,744	9,975
Toilet preparations and soaps	3,539	4,542	5,327	6,347	7,107
Trunks, bags, luggage, etc	.....	2,187	4,170	4,134	4,711
Wines	1,445	2,007	1,710	1,772	2,066
Sundry	877	1,938	2,579	2,977	3,811
Taxes on Amusements and Services—					
Amusements	7,710	10,778	12,019	12,284	13,387
Tax on pari-mutuel bets	1,082	1,287	1,683	1,904	2,188
Transportation and communication	8,131	16,083	22,379	24,205	26,893
Stamps, including payment of taxes on jewellery, chinaware, cabaret attendance, etc	4,893	12,586	16,734	18,296	21,697
Licences, interest and miscellaneous	202	255	331	369	302
Less refunds (mainly sales tax)	−10,370	−17,549	−34,342	−194,719	−114,005
Total Excise Taxes	453,425	488,712	638,619	543,065	496,910
Other Taxes—					
Chartered bank note circulation	786	665	457	350	270
Insurance Companies	1,148	10,893	6,481	7,182	7,951
Miscellaneous	702	723	753	702	751
Total Indirect Taxes	708,544	758,677	956,316	818,312	821,485
Total Revenue from Taxes	1,360,913	2,136,720	2,591,811	2,374,126	2,274,859

STATEMENT OF REVENUES FOR THE LAST FIVE FISCAL YEARS—*Concluded*
(Thousands of Dollars)

—	1941-42	1942-43	1943-44	1944-45	Estimated 1945-46
	$	$	$	$	$
NON-TAX REVENUE—					
Post Office	45,994	48,869	61,071	66,056	68,613
Return on Investments	25,826	41,242	48,281	60,749	70,915
Bullion and coinage	4,767	5,883	8,732	4,586	4,954
Premium, discount and exchange	11,855	395	2,154	.....	.....
Other	14,469	19,690	13,045	14,080	16,206
Total Non-tax Revenue	102,911	116,079	133,283	145,471	160,688
Total Ordinary Revenue	1,463,824	2,252,799	2,725,094	2,519,597	2,435,547
SPECIAL RECEIPTS AND CREDITS—					
Refunds of previous years' Special Expenditure	102	239	221	53	21
Special Receipts—War Appropriation Acts	16,384	18,651	98,918	360,061	569,150
War Donations	459	275	216	177	161
Canadian Wheat Board—					
Reduction in Reserve Account	.....	6,660	2,971	589	.....
Surpluses in certain special accounts	.....	.....	.....	2,625	.....
Canadian National Railways—					
Net credit due to increase in Canadian National Railways Securities Trust Stock (contra)	1,576[1]	31,560[1]	37,838	22,400	22,631
Previous years' war expenditure on investment in Crown plants transferred to Active Assets	.....	.....	53,448	.....	174
Other	.....	1	26	.....	.....
	18,521	57,386	193,638	385,905	592,137
Capital and Non-active Accounts—					
Capital Accounts—					
Refunds of previous years' expenditure	38	102	93	728	375
Net insurance proceeds on the P.E.I. Car Ferry	984	.....	.....	.....	.....
Non-active Accounts—					
National Harbours Board, reduction of indebtedness	33	15	.....	19	.....
Canadian National (West Indies) Steamships, Limited, reduction of indebtedness	.....	.....	164	549	.....
Canadian Pacific Railway— repayment of loan made under Unemployment Relief Act, 1932	.....	.....	1,000	.....	.....
Write-downs to Consolidated Deficit Account—					
Seed Grain and Relief Loans	58	42	29	36	45
Total Capital and Non-active Accounts	1,113	159	1,286	1,332	420
Total Special Receipts and Credits	19,634	57,545	194,924	387,237	592,557
GRAND TOTAL REVENUE	1,483,458	2,310,344	2,920,018	2,906,834	3,028,104
Less estimated amount of Income and Excess Profits Taxes refundable after the war	.....	70,000	155,000	219,500	72,500
	1,483,458	2,240,344	2,765,018	2,687,334	2,955,604

(1) Revised to be comparable to the presentation used in Public Accounts of 1943-44 by netting the adjustments affecting the Canadian National Railways Securities Trust Stock.

STATEMENT OF EXPENDITURES BY MAJOR CATEGORIES AND BY DEPARTMENTS FOR THE LAST FIVE FISCAL YEARS

(Thousands of Dollars)

—	1941-42	1942-43	1943-44	1944-45	Estimated 1945-46
ORDINARY EXPENDITURE	$	$	$	$	$
Agriculture	8,430	8,492	8,841	9,424	10,318
Auditor General's Office	457	441	348	361	379
Civil Service Commission	399	427	456	461	480
External Affairs, including Office of Prime Minister	1,052	1,156	1,596	1,974	4,770
Finance—					
Interest on Public Debt	155,018	188,556	242,681	318,995	408,960
Cost of Loan Flotations and Annual Amortization of Bond Discounts and Commissions	16,350	13,838	19,285	20,679	22,310
Premium paid on redemption of called bonds	.....	.....	.....	.....	5,842
Subsidies to Provinces	14,409	14,490	14,449	14,445	14,447
Wartime Prices and Trade Board—					
Dominion Fuel Board Administration, coal subsidies and subventions	4,880	(1) —	(1) —	(1) —	(1) —
Miscellaneous Grants and Contributions	531	526	528	531	951
Civil Pensions and Superannuation	445	398	356	325	297
Government contribution to Superannuation Fund	2,347	2,341	2,299	2,341	2,700
Old Age Pensions, including pensions to blind persons	29,612	29,976	30,377	32,187	(2) —
Premium, Discount and Exchange	—	—	—	16,348	14,735
Compensation to Provinces under Dominion-Provincial Taxation Agreements—					
Income and Corporation Taxes	21,120	85,942	83,678	82,977	94,343
Gasoline Tax	—	8,273	11,757	10,357	3,709
Administrative and Sundry Expenditure	3,807	4,181	4,472	4,724	7,580
Fisheries	1,679	1,699	1,696	2,159	3,322
Governor General and Lieutenant Governors	226	225	222	223	228
Insurance	181	182	183	185	198
Justice	2,657	2,667	2,673	2,696	2,843
Penitentiaries	2,786	2,772	2,799	2,936	3,258
Labour	762	698	1,147	1,419	1,591
Technical Education	41	19	23	25	29
Unemployment Insurance Act, 1940—					
Administration	2,344	4,657	5,171	5,115	6,202
Government contribution	7,287	11,487	12,344	12,746	12,514
Government Annuities—					
Payments to maintain reserve	617	498	32	257	294
Legislation—					
House of Commons	1,408	1,827	1,915	1,612	2,236
Library of Parliament	72	76	77	72	73
Senate	424	555	562	485	727
General	47	61	86	95	98
Chief Electoral Officer, including elections	282	1,447	88	179	3,089
Mines and Resources—					
Administration	178	160	167	161	166
Immigration	1,289	1,268	1,262	1,311	1,523
Indian Affairs	5,000	4,978	5,177	6,164	(3) 4,479
Lands, Parks and Forests	1,959	1,753	1,586	1,832	2,608
Surveys and Engineering	1,128	1,129	1,272	1,610	1,322
Mines and Geological Survey	1,156	1,140	1,125	1,217	1,303
Munitions and Supply	12	12	14	19	(4) —
Dominion Fuel Board Administration Coal subsidies and subventions	(5) —	4,965	2,165	2,737	(4) —
National Defence—					
Administration	43	44	36	40	40
Sundry Services	223	371	32	29	82

(1) See Departments of Munitions and Supply and Reconstruction and Supply.
(2) See Department of National Health and Welfare.
(3) Medical care of Indians transferred to Department of National Health and Welfare in 1945-46.
(4) See Department of Reconstruction and Supply.

[Mr. Ilsley.]

STATEMENT OF EXPENDITURES BY MAJOR CATEGORIES AND BY DEPARTMENTS FOR THE LAST FIVE FISCAL YEARS—*Con.*

(Thousands of Dollars)

—	1941-42	1942-43	1943-44	1944-45	Estimated 1945-46
	$	$	$	$	$
ORDINARY EXPENDITURE—*Con.*					
National Health and Welfare	1,246	1,244	1,617	1,725	6,133
Old age pensions, including pensions to blind persons	[5] —	[5] —	[5] —	[5] —	33,715
Family Allowances	.....	.....	.....	.....	172,632
National Film Board	[6] —	[6] —	[6] —	[6] —	1,146
National Revenue (including Income Tax)	13,428	15,190	17,721	20,114	22,631
National War Services	682	428	547	838	4
Post Office	41,502	44,742	48,485	54,629	57,730
Privy Council	54	62	80	81	85
Public Archives	123	123	124	124	127
Public Printing and Stationery	195	245	235	232	237
Public Works	11,937	12,014	12,281	13,169	16,263
Reconstruction and Supply	—	—	—	82	914
Dominion Fuel Board Administration, Coal subsidies and subventions	[5] —	[7] —	[7] —	[7] —	2,341
National Research Council	[8] —	[8] —	[8] —	887	1,195
Royal Canadian Mounted Police	5,985	6,242	6,678	7,183	7,284
Secretary of State	823	820	831	864	955
Trade and Commerce	[9] 6,200	4,566	4,196	3,497	4,057
Canada Grain Act	1,909	1,918	2,089	2,333	2,302
Mail Subsidies and Steamship Subventions	616	616	800	869	994
Transport—					
Administration	388	375	397	402	420
Air Service	3,386	3,334	3,593	3,939	4,199
Marine Service	4,010	4,257	4,504	4,897	4,844
Railways and Canals	3,694	3,340	4,090	4,260	4,374
Maritime Freight Rates Act	3,935	4,894	5,058	4,733	4,346
Railway Grade Crossing Fund	25	12	17	34	32
Veterans Affairs—					
Departmental Administration	182	162	176	195	1,141
Pensions (War 1914–18 and military)	40,569	39,684	38,998	39,372	40,004
War service gratuities and re-establishment credits	—	—	—	20,228	[10] —
Treatment and after-care of returned soldiers and allowances to dependents	12,667	12,689	14,050	19,845	28,531
Soldier Settlement and Veterans Land Act	564	567	837	1,391	3,163
Total ordinary expenditure	444,778	561,251	630,381	767,376	1,061,845
CAPITAL EXPENDITURE					
Railways	4	38	692	630	2,313
Public Works	3,426	3,238	1,930	2,534	2,290
Total Capital Expenditure	3,430	3,276	2,622	3,164	4,603
WAR AND DEMOBILIZATION EXPENDITURE					
National Defence—Army—					
Army Services	502,773	1,021,944	1,312,348	1,243,732	853,606
Internment Operations	1,370	1,556	1,100	1,580	1,014
Inspection Board of the U.K. and Canada	4,876	10,946	10,522	8,362	6,124
U.K. Settlement—War Claims	—	—	—	—	71,250
Sundry	2,150	3,344	4,835	8,080	8,474
	511,169	*1,037,790*	*1,328,805*	*1,261,754*	*940,468*
National Defence—Naval Services	*129,368*	*210,182*	*369,556*	*417,099*	*241,800*

[5] See Department of Finance.
[6] Included under Department of National War Services.
[7] See Department of Munitions and Supply.
[8] Included under Department of Trade and Commerce.
[9] Includes an amount of $2,615,000 for census of population of Canada.
[10] See War and Demobilization.

STATEMENT OF EXPENDITURES BY MAJOR CATEGORIES AND BY DEPARTMENTS FOR THE LAST FIVE FISCAL YEARS—*Con.*

(Thousands of Dollars)

——	1941-42	1942-43	1943-44	1944-45	Estimated 1945-46
	$	$	$	$	$
WAR AND DEMOBILIZATION EXPENDITURE —*Continued*					
National Defence—Air Services—					
Overseas War Establishment	13,333	23,666	383,888	759,070	—
Overseas Operations	—	—	—	—	142,539
Home War Establishment	109,820	226,550	312,761	227,942	—
Western Hemisphere Operations	—	—	—	—	93,215
Air Training	247,383	366,897	233,893	272,342	—
Training Organization	—	—	—	—	60,669
Repatriation and Demobilization	—	—	—	—	72,153
U.K. Settlement—War Claims	—	—	—	—	82,815
Restricted Servicing Units	—	—	—	—	39,539
General Servicing Units	—	—	—	—	14,896
Surplus Equipment Units	—	—	—	—	815
Headquarters and Commands Administration	—	—	—	—	17,871
Sundry	113	122	124	103	96
	370,649	*617,235*	*930,666*	*1,259,457*	*524,608*
Reconstruction and Supply (formerly Munitions and Supply)—					
Administration	4,930	9,457	9,957	8,841	6,900
Expansion of Industry	247,761	469,675	672,804	205,039	106,000
Acquisition of U.K. Assets	—	200,000	5,000	1,964	—
Termination of Contracts	—	—	—	—	145,000
National Research Council	1,125	2,091	2,640	2,932	2,382
Sundry	—	—	—	—	3,133
	253,816	*681,223*	*690,401*	*218,776*	*263,415*
Agriculture—					
Disposal of agricultural products rendered surplus by the war	2,260	2,901	1,876	1,194	355
Subsidy to increase export bacon price to secure adequate supplies for the U.K.	2,281	—	—	—	—
Payment on cheese exports to the U.K.	1,784	—	—	—	—
Freight assistance on western feed grains	3,972	10,318	17,754	15,943	17,316
Payment to increase the income of farmers in the spring wheat area of Western Canada	16,299	2,678	19	2	1
Fertilizer subventions and freight allowance	—	1,036	903	350	713
Subsidy on western wheat used exclusively as feed for live-stock	—	836	4,500	7,471	7,863
Subsidy on milk and milk products	—	—	29,505	42,330	41,659
Premium on hog carcasses suitable for export to U.K.	—	—	3,855	14,091	9,573
To provide for reserve stocks of feed grains	—	—	1,292	715	1,277
Sundry	791	2,211	4,589	5,958	4,221
	27,387	*19,980*	*64,293*	*88,054*	*82,978*
Finance—					
Comptroller of the Treasury	3,866	6,493	8,404	9,216	9,373
Payment of premiums on the purchase of Dominion of Canada Registered Stock	8,100	126	13	14	12
Wartime Prices and Trade Board—					
Administration	1,437	9,278	13,705	12,720	14,761
Subsidies due to application of Order placing a ceiling over all prices	3,242	67,715	81,519	107,338	97,850
Advances for payment of drawback claims to millers and other manufacturers of wheat products	—	(11) —	20,500	19,700	14,750
Advances to the Canadian Wheat Board to cover deficits in certain Board operations	—	—	—	13,058	—
House Conversion Program	—	—	841	4,053	1,787

(11) See Department of Trade and Commerce.

STATEMENT OF EXPENDITURES BY MAJOR CATEGORIES AND BY DEPARTMENTS FOR THE LAST FIVE FISCAL YEARS—*Con.*

(Thousands of Dollars)

—	1941-42	1942-43	1943-44	1944-45	Estimated 1945-46
	$	$	$	$	$
WAR AND DEMOBILIZATION EXPENDITURE —*Continued*					
Finance—*Concluded*					
Old Age Pensions, increased benefits	—	—	3,062	8,788	([12]) —
Halifax V-E Day disorders and explosion—					
Payment of claims	—	—	—	—	4,611
Expenses of investigations	—	—	—	—	260
Sundry	80	1,051	417	1,632	955
	16,725	*84,663*	*128,461*	*176,519*	*144,359*
Labour—					
Industrial training	4,569	4,360	3,478	1,617	701
Training aircraft mechanics	1,489	2,019	1,378	333	3
National Selective Service program	—	4,737	9,346	11,098	11,319
Removal of enemy aliens from protected areas	—	4,328	2,545	2,137	2,114
Vocational training for discharged members of the Canadian Armed Forces	3	22	167	602	4,357
Sundry	493	1,361	2,724	3,877	4,413
	6,554	*16,827*	*19,638*	*19,664*	*22,907*
Mines and Resources—					
Prince Rupert—Terrace—Cedarvale Highway	10	2,965	5,750	2,499	8
Employment of Japanese	71	1,686	894	511	262
Sundry	678	1,626	2,761	2,804	3,205
	759	*6,277*	*9,405*	*5,814*	*3,475*
National War Services—					
War charities—Auxiliary services	1,175	6,499	10,910	15,933	13,062
National Film Board	10	122	1,220	1,341	([12]) —
Censorship	22	1,070	1,727	1,856	846
Sundry	2,011	954	1,330	6,852	338
	3,218	*8,645*	*15,187*	*25,982*	*14,246*
National Health and Welfare—					
Old Age Pensions, increased benefits	—	—	([13]) —	([13]) —	9,103
National Film Board	([14]) —	([14]) —	([14]) —	([14]) —	1,403
Canadian Information Service (formerly Wartime Information Board)	—	1,474	759	1,700	1,229
Sundry	([15]) —	([15]) —	([15]) —	1,340	745
	—	*1,474*	*759*	*3,040*	*12,480*
Public Works	*4,497*	*6,880*	*6,467*	*6,500*	*6,231*
Royal Canadian Mounted Police	*3,001*	*3,870*	*4,267*	*3,709*	*4,776*
Trade and Commerce—					
Gift of wheat to Greece	—	3,835	8,798	6,749	—
Canadian Wheat Board—					
Advances for payment of drawback claims to millers and other manufacturers of wheat products	—	3,000	([13]) —	([13]) —	([13]) —
Special administration expenses	—	—	—	—	963
Canada's contribution to UNRRA	—	—	—	([16]) —	([16])104,830
Sundry	80	529	745	670	808
	80	*7,364*	*9,543*	*7,419*	*106,601*
Transport	*5,228*	*5,762*	*9,941*	*16,077*	*14,592*
Acquisition of Airfields and Works from United States Government	—	—	*66,600*	*18,661*	—
Veterans Affairs—					
Treatment—Defence Forces	—	—	—	11,449	26,380
Pensions—Defence Forces	—	—	—	11,939	22,213

([12]) See National Health and Welfare.
([13]) See Department of Finance.
([14]) See National War Services.
([15]) Included in Pensions and National Health.
([16]) Additional amounts contributed to UNRRA are included as follows: in 1943-44, $55,500 expended by the Department of External Affairs is listed in this table under "Other Departments"; in 1944-45, $11,093,000 and in 1945-46, $38,022,000, expended by the Mutual Aid Board, are listed under "The War Appropriation (United Nations Mutual Aid) Acts."

STATEMENT OF EXPENDITURES BY MAJOR CATEGORIES AND BY DEPARTMENTS FOR THE LAST FIVE FISCAL YEARS—*Con.*

(Thousands of Dollars)

——	1941-42	1942-43	1943-44	1944-45	Estimated 1945-46
	$	$	$	$	$
WAR AND DEMOBILIZATION EXPENDITURE —*Concluded*					
Veterans Affairs—*Concluded*					
Additions, alterations and improvements to departmental hospitals, including land purchases	—	—	—	5,738	7,131
Post-discharge re-establishment—rehabilitation benefits	—	—	—	2,468	32,131
War service gratuities and re-establishment credits	—	—	—	[17] —	239,592
Sundry	—	—	—	1,165	968
	—	—	—	*32,759*	*328,415*
Pensions and National Health—					
Treatment—Defence Forces	2,696	4,175	6,456		
Pension—Defence Forces	886	2,760	5,637		
Air Raid Precautions	619	5,027	1,724		
Post-discharge re-establishment	104	296	472		
Sundry	1,308	2,062	3,663		
	5,613	*14,320*	*17,952*		
Canadian Mutual Aid Board—					
Military Relief	—	—	—	50,199	34,000
Mutual Aid	—	—	—	—	[18] 725,900
	—	—	—	*50,199*	*759,900*
Other Departments	*1,610*	*1,757*	*2,479*	*3,617*	*3,161*
	1,339,674	2,724,249	3,674,420	3,615,100	3,474,412
The War Appropriation (U.K. Financing) Act, 1942	—	1,000,000	—	—	—
The War Appropriation (United Nations Mutual Aid) Acts	—	—	912,603	803,346	84,042
Total War Expenditure	1,339,674	3,724,249	4,587,023	4,418,446	3,558,454
SPECIAL EXPENDITURE					
Agricultural and Relief Projects	8,500	5,013	3,751	3,869	4,422
Western Drought Area Relief—					
Prairie Farm Assistance Act, 1939—					
Administration	423	157	217	188	327
Advances to Prairie Farm Emergency Fund	11,848	249	2,578	1,295	12,052
Wheat acreage reduction plan—					
Administration	980	1,342	848	261	163
Payments of awards to farmers	29,654	24,527	30,102	1,707	394
Provision of reserve to meet deficits resulting from the operations of the Canadian Wheat Board not previously provided for	12,571	—	—	186	—
Total Special Expenditure	63,976	31,288	37,496	7,506	17,358
GOVERNMENT OWNED ENTERPRISES					
Losses charged to Consolidated Deficit Account—					
Prince Edward Island Car Ferry and Terminals	424	591	698	773	688
National Harbours Board	33	—	30	59	86
Total Charged to Consolidated Deficit Account	457	591	728	832	774

[17] Included in ordinary expenditure

[18] Excluding amounts for UNRRA listed above and amounts provided from separate Appropriation Acts listed below.

[Mr. Ilsley.]

STATEMENT OF EXPENDITURES BY MAJOR CATEGORIES AND BY DEPARTMENTS FOR THE LAST FIVE FISCAL YEARS—*Con.*

(Thousands of Dollars)

—	1941-42	1942-43	1943-44	1944-45	Estimated 1945-46
	$	$	$	$	$
GOVERNMENT OWNED ENTERPRISES—*Concluded*					
Loans and advances non-active—					
National Harbours Board	758	657	579	526	560
Total non-active advances	758	657	579	526	560
Total government-owned enterprises	1,215	1,248	1,307	1,358	1,334
OTHER CHARGES					
Write-down of assets chargeable to Consolidated Deficit Account—					
Reduction of soldier and general land settlement loans	271	51	553	325	36
Yearly established losses in seed grain and relief accounts—Department of Mines and Resources	58	42	29	36	45
Cancellation of Canadian Farm Loan Board Capital Stock	10	7	5	1	1
To provide a reserve for possible losses on ultimate realization of Active Assets	25,000	25,000	25,000	25,000	25,000
Canadian National Railways Securities Trust Stock—					
Net changes in Dominion's equity in Canadian National Railways	1,576	31,560	37,838	22,400	22,631
Total other charges	26,915	56,660	63,425	47,762	47,713
Grand total expenditures	1,879,988	4,377,972	5,322,254	5,245,612	4,691,307

SUMMARY OF REVENUES AND EXPENDITURES

(Thousands of Dollars)

—	1941-42	1942-43	1943-44	1944-45	Estimated 1945-46
	$	$	$	$	$
Ordinary revenues	1,463,824	2,182,799	2,570,094	2,300,097	2,363,047
Capital refunds	1,022	102	93	728	375
Special receipts and other credits	18,612	57,443	194,831	386,509	592,182
Total revenues	1,483,458	2,240,344	2,765,018	2,687,334	2,955,604
Ordinary expenditures	444,778	561,251	630,381	767,376	1,061,845
Capital expenditures	3,430	3,276	2,622	3,164	4,603
War expenditures	1,339,674	3,724,249	4,587,023	4,418,446	3,558,454
Special expenditures	63,976	31,288	37,496	7,506	17,358
Government Owned Enterprises	1,215	1,248	1,307	1,358	1,334
Other charges	26,915	56,660	63,425	47,762	47,713
Total expenditures	1,879,988	4,377,972	5,322,254	5,245,612	4,691,307
Total deficit or increase of direct net debt	396,530	2,137,628	2,557,236	2,558,278	1,735,703

ANALYSIS OF REVENUES, 1945-46

3. The grand total of revenues of the dominion government for the fiscal year ended March 31, 1946, are estimated to amount to $2,955,604,000, representing an increase of $268,270,000 from the previous year. Revenue from tax sources declined by $99,267,000 from 1944-45, reflecting reductions in tax rates made after the end of the war, but increases of $15,217,000 in non-tax revenues and of $205,320,000 in special receipts more than offset this reduction. A table on page 2951 gives a detailed comparison of the actual revenue results with the forecast presented in the budget speech of October 12, 1945.

4. Tax revenues again reflected the predominance of direct taxes on incomes and profits characteristic of the war years. Of total tax revenue in 1945-46, almost 64 per cent arose from direct taxation as compared with 32·6 per cent in 1938-39, the last pre-war year.

5. The amount of reserve established in the fiscal year under review for the refundable portion of income and excess profits taxes was $72,500,000, of which $5,000,000 was in respect of personal income tax and $67,500,000 in respect of the excess profits tax. This has been deducted in arriving at the revenue total given above. When added to the reserves previously set aside, this addition brings the gross total liability established at March 31, 1946, to $265,000,000 for refundable personal income tax and $252,000,000 for excess profits tax, or a gross total of $517,000,000. After deducting repayments of refundable taxes made to March 31, 1946, the net liability as at that date amounted to $515,737,000. The distribution of the gross reserves of the two taxes by the taxation years to which they relate is now estimated as follows:

Taxation Year	Refundable Personal Income Tax	Refundable Excess Profits Tax
	$	$
1942	58,000,000	31,200,000
1943	135,000,000	67,500,000
1944	72,000,000	72,700,000
1945	.....	70,500,000
1946*	.....	10,100,000
Gross Total	265,000,000	252,000,000
Less repayments	1,259,382	3,783
Net Total	263,740,618	251,996,217

*Corporation fiscal years ending in 1946 prior to March 31st.

ORDINARY REVENUES

6. The personal income tax, which yielded $691,586,000, was again the largest single source of tax revenue, although yielding $76,169,000, less than during the previous year. This decrease reflected the 16 per cent reduction in tax effective from October 1, 1945, as provided in the budget of last fall, and in part also the moderate decline in incomes which followed the end of the war. The decline due to these causes was, however, partly offset by the recovery of family allowance payments from taxpayers through deduction at the source which was in effect during nine months of the fiscal year 1945-46.

Mention has been made previously of the reserves now established for the refundable portion of the personal income tax. The additional amount of $5,000,000 set aside in 1945-46 represented an increase in the reserves provided previously against the years 1942, 1943 and 1944, when this tax was in effect and brings the net total liability at March 31, 1946, to the amount of $263,740,618.

7. Corporation income tax and the excess profits tax are both levied on business profits and may appropriately be discussed together. The yield of the corporation income tax revenue amounted to $217,834,000, and revenue from the excess profits tax to $494,196,000, giving a combined total of $712,030,000, compared with a combined total of $742,209,000 in the previous year. This decline reflected principally a moderately lower level of corporation profits in 1945 and to a minor degree the changes in the excess profits tax introduced in the 1945 budget. The nature of these changes was such that their main effect will be felt in the fiscal year 1946-47.

The amount of refundable excess profits tax reserve has been shown previously in tabular form by the individual taxation years to which

the total applies. The liability to pay this tax has been lifted in respect of profits earned after January 1, 1946, but must be paid by any company having a fiscal year ending after that date on the proportionate part of its profits falling in the calendar year 1945. The full final liability for the refundable excess profits tax, therefore, has not yet been established as companies having a part of their fiscal year falling in the calendar year 1945 will be required during 1946 to pay this tax on a part of their profits proportionate to the portion of their fiscal year which was included in 1945.

8. Revenues under the headings "Taxes on Dividends and Interest" and "Taxes on Rents and Royalties" are derived from special taxes imposed largely on income going to non-residents of Canada under authority of section 9b of the Income War Tax Act. In 1945-46 revenue under these two headings amounted in total to $28,310,000, and was derived principally from the 15 per cent tax on interest and dividends paid to non-residents.

9. Succession duties, which have been levied only since 1941 by the dominion government, have shown a gradual increase from year to year since their inception. The revenue from this source was $21,448,000 in 1945-46, compared with $17,251,000 in 1944-45, $15,020,000 in 1943-44, $13,273,000 in 1942-43 and $6,957,000 in 1941-42.

10. Gross revenue from customs duties in 1945-46 amounted to $174,076,000 compared with gross revenues of $173,730,000 in the previous year, while net revenue after deducting refunds and drawbacks amounted to $128,877,000 compared with $115,091,000 in 1944-45.

As explained in the appendix to the 1945 budget speech, very substantial amounts of customs and excise revenue have been remitted in recent years in respect of munitions and war supplies exported from Canada to allied governments either as cash sales or under the mutual aid acts. These remissions reached their peak in the fiscal year 1944-45, and their decline to a lower level in 1945-46 accounted almost entirely for the increased net revenue in the latter year. In the fiscal year 1946-47 refunds and drawbacks of customs revenue will return to a normal level with the cessation of the shipment of war supplies abroad.

11. Excise duties are levied exclusively on alcoholic beverages and tobacco products under the Excise Act. Total revenue in the fiscal year 1945-46 amounted to $186,726,000, an increase of $34,804,000 over the previous year. Of this increase alcoholic beverages, due to an increase in consumption following the rescinding of the restrictions imposed by the dominion government under the wartime alcoholic beverages control order, contributed $19,142,000, while tobacco products contributed $15,086,000. The extent of the smokers' contribution to the federal treasury is indicated by the over-all revenue from tobacco products (including the yield of the additional taxes imposed under the Special War Revenue Act on tobacco, cigars, cigarettes, cigarette papers and tubes, pipes and smokers' accessories) which amounted in the fiscal year 1945-46 to over $174,000,000, a sum equal to about 40 per cent of the total tax revenue of the government in the last pre-war year, 1938-39.

12. Under the heading "Excise Taxes" are included the wide variety of taxes on commodties and services levied under the Special War Revenue Act, of which the sales tax and the taxes on tobacco products were the largest sources of revenue in 1945-46. Gross collections of $610,915,000 were lower by $126,869,000 than during the previous year, due in substantial part to the exemption of building materials from sales tax in May, 1945, and the further exemption from sales tax of machinery and apparatus and the rescinding of the war exchange tax in the budget of October 12, 1945. Refunds of excise taxes declined from $194,719,000 in 1944-45 to $114,005,000 in 1945-46, however, due to reduced remissions on munitions of war exported to our allies, with the result that the net revenue declined by only $46,155,000 as compared with the decline in gross revenue of $126,869,000.

The tax sources which showed the largest reductions in 1945-46 and the amounts by which revenue was reduced in each case are set forth below:

Sales tax	$ 77,856,000
War exchange tax	56,966,000
Beverages	2,785,000
Electric and gas appliances	2,785,000
Sugar	1,769,000

Curtailment of available supplies of sugar accounted for the decline in the sugar tax and the tax on beverages. The tax on electric and gas appliances was repealed in May, 1945, and was, therefore, not in effect during the greater part of the fiscal year. The reason for the reduction in sales tax and war exchange tax receipts has already been mentioned.

Tax sources from which increased revenue was derived, and the amounts of the increase in each case were:

Cigars, cigarettes and tobacco	$7,922,000
Stamps, including taxes on jewellery, chinaware, cabaret attendance, etc	3,401,000
Transportation and communication	2,688,000

13. Small amounts of tax revenue are derived from the tax on the note circulation of the chartered banks, which decreases from year to year with the decline in such notes as provided by statute; from taxes on the net premium income of insurance companies; from a tax on the export of electric energy from Canada; and from a tax on the export of furs from the Northwest Territories. Revenue from all these taxes amounted to $8,972,000 in 1945-46.

14. Non-tax revenues for 1945-46 are estimated at $160,688,000, an increase of $15,217,000 over 1944-45. Receipts from the post office amounted to $68,613,000, an increase of approximately $2,557,000. These receipts exceeded the cost of operating the post office by about $10,883,000, if we take no account on the credit side of the value of services rendered free of charge to other departments and on the debit side, of rentals and other costs of premises occupied by the post office. It will be recalled that postage rates were increased in 1943 to obtain additional revenue. Return on investments realized $70,915,000, an increase over the previous year of about $10,166,000. The larger items making up this total are: interest on advances to Canadian National Railways, $18,400,000; Bank of Canada profits, $22,542,000; interest on loans to foreign exchange control board, $8,155,000; interest on bonds held in securities investment account, $9,555,000; interest on loans to national harbours board, $3,950,000; interest on loans to provinces, $2,762,000; interest on loans to Canadian farm loan board, $746,000; soldier land settlement loans, $588,000; and interest on advances to Canadian National Railways for purchase of railway equipment, $2,155,000.

SPECIAL RECEIPTS AND CREDITS

15. The unrevised total of special receipts and credits for the fiscal year 1945-46 is $592,557,000 as compared with $387,237,000 for the previous year. Of this total, $569,150,000 represents receipts developing from war expenditures and consists of refunds of previous years' war expenditures, $454,549,000; sale of surplus war assets, $44,950,000 and miscellaneous war revenues, $69,651,000.

A breakdown of refunds of previous years' war expenditures by departments, with details of the larger items follows:

Canadian Mutual Aid Board	$ 3,716,000
National Defence—Army	13,888,000
National Defence—Navy	6,660,000
National Defence—Air—proceeds from sales of equipment, material and supplies furnished and services rendered, $20,101,000; savings on civilian operated air training schools, $2,890,000; refunds on contracts after cost audits and re-negotiation, $4,017,000; refunds on joint operations R.C.A.F. station at Gander, $926,000; sale of surplus and condemned stores, $3,566,000; sundries, $577,000—total	32,077,000
Reconstruction and Supply—Credit from munitions production allotment fund representing mainly return of working capital advances from pre-financed plants, $310,000,000; refunds on contracts in connection with cost audits, re-negotiation, and voluntary refunds, $12,700,000; amortization of government capital on War Supplies Limited contracts, $55,000,000; amount transferred from suspense upon liquidation of government equity in plant of Sorel Industries, Ltd., $10,000,000; sundries, $5,353,000—total	393,053,000
Sundry departments	5,155,000
Total	$ 454,549,000

It should be noted that most of these refunds of previous years' war expenditures are made out of current war expenditures of other departments, and that consequently the bulk of these transactions are merely bookkeeping changes and not actual refunds of expenditures. There are offsetting items in the expenditure accounts corresponding to most of the refunds listed above.

In connection with the amount of $44,950,000 realized during the year through the disposal of surplus war assets, it might be mentioned that it does not include residual cash balances or value of inventories in the hands of War Assets Corporation as at March 31, 1946.

The larger amounts making up the total of miscellaneous war revenues, $69,651,000, are from the departments of national defence—army, navy and air services, $3,646,000; reconstruction and supply, $62,100,000; transport, $2,030,000; and sundry, $1,875,000. Included in the total for reconstruction and supply is the sum of $50,000,000 derived from the operation of Park Steamships Limited.

The remaining large item of special receipts and credits is the sum of $22,631,000 which represents the net result of the change in the government's equity in the Canadian National Railways for the calendar year 1945. This arises from the government being the owner of

the railway company at a time when the latter is using its surplus earnings to reduce its debts. The surplus earnings of the railway company, amounting to $24,756,000, were paid to the government and show up in the accounts as a repayment of active advances (see paragraph 36 on page 2964). This reduction of debt increases the net book value of the government's investment in the railway company by a corresponding amount. It is offset, in part, by a book loss on capital abandonments of $2,125,000. The remainder, $22,631,000, is the net increase in the book valuation of the Canadian National Railways' Securities Trust capital stock. This is carried on the books as an inactive asset, and the increase in it is shown here as a special receipt. It is offset, however, by a contra item of the same amount on the expenditure side, appearing under the heading "Other Charges."

16. The table which follows gives a summary of the forecast made at the time of the last budget of the probable receipts from the various sources of revenue during the fiscal year 1945-46, and a comparison of these forecasts with receipts for the fiscal year.

DETAILED STATEMENT OF BUDGET FORECAST COMPARED WITH ACTUAL REVENUE FOR 1945-46

Source of Revenue	Budget Forecast of Revenue	Actual Revenue	Increase (+) or decrease (−) in revenue as compared with budget forecast
TAX REVENUES	(thousands of dollars)		
Customs Duties	120,000	128,877	+ 8,877
Excise Duties	175,000	186,726	+ 11,726
Excise Taxes:			
Sales Tax (net)	210,000	212,248	+ 2,248
War Exchange Tax	45,000	41,198	− 3,802
Other Excise Taxes	250,000	243,464	− 6,536
Total Excise Taxes	505,000	496,910	− 8,090
Income Taxes:			
Tax on personal incomes	680,000	691,586	+ 11,586
Corporate Income Tax and Excess Profits Tax	693,000	712,030	+ 19,030
Interest and Dividends	29,000	28,310	− 690
Total Income Taxes	1,402,000	1,431,926	+ 29,926
Succession Duties	20,000	21,448	+ 1,448
Miscellaneous Taxes	8,000	8,972	+ 972
Total Tax Revenues	2,230,000	2,274,859	+ 44,859
Non Tax Revenues	150,000	160,688	+ 10,688
Total	2,380,000	2,435,547	+ 55,547
Special Receipts and Credits	100,000	592,557	+ 492,557
Total Revenue	2,480,000	3,028,104	+ 548,104
Less Refundable Taxes	65,000	72,500	− 7,500
Net Total Revenue	2,415,000	2,955,604	+ 540,604

ANALYSIS OF EXPENDITURES, 1945-46

17. Expenditures are dealt with under the usual classifications of ordinary, capital, war and demobilization, special, government-owned enterprises and other charges. All disbursements under these categories with the exception of active loans and investments charged to war appropriations are included as expenditures in arriving at the over-all deficit or increase in the net debt.

ORDINARY EXPENDITURES

18. Ordinary expenditures are estimated at $1,061,845,000 compared with $767,376,000 in the previous fiscal year, an increase of $294,469,000. The largest increase was in the payments of family allowances which reached a total of $172,632,000 in 1945-46—the first year in which such payments were made. Other estimated increases over 1944-45 are as follows:

Increased interest and public debt charges	$97,438,000
Increased compensation[1] paid to provinces under wartime tax agreements for vacating income and corporation tax fields $11,366,000, less reduction of $6,648,000 under guarantee of gasoline tax revenues	4,718,000
Increase in chief electoral officer's expenditure due to 1945 general election	2,910,000
Increase in Post Office expenditures	3,101,000
Increase in Public Works expenditures	3,094,000
Increase in cost of treatment and after-care of returned soldiers	8,686,000

[1]An amendment of the agreement with the province of Alberta as authorized at the last session of parliament resulted in an increased payment to Alberta of $11,394,000.

Other increases as well as decreases effected during the year are revealed in the five-year table.

It might be noted that of the aggregate estimated ordinary expenditures during 1945-46 of $1,061,845,000, the larger contractual and uncontrollable items total $887,143,000 or 83·5 per cent of the total. These items are: interest and other charges on the public debt, subsidies and payments to provinces under the dominion-provincial taxation agreements, family allowances, premium discount and exchange, unemployment insurance, post office and pensions.

CAPITAL EXPENDITURES

19. Estimated capital expenditures totalled $4,603,000 in the fiscal year ended March 31, 1946, compared with $3,164,000 in the previous fiscal year. The main items are costs of dredging the St. Lawrence ship channel, improvements in connection with civil airways and airports and the construction of the new Prince Edward Island car ferry.

WAR AND DEMOBILIZATION EXPENDITURES

20. Under the authority of the War Expenditure and Demobilization Acts and the War Appropriation (United Nations Mutual Aid) Acts an estimated amount of $3,570,666,000 was disbursed. Of this amount $12,212,000 was for loans, advances and investments treated as active assets, and the remainder, $3,558,454,000, was classed as war and demobilization expenditures. The following table gives the corresponding figures for each fiscal year from the beginning of the war.

Fiscal Year	Charged to Active Assets	War Expenditures	Total
	$	$	$
1939-40	9,092,742	118,291,022	127,383,764
1940-41	26,379,066	752,045,326	778,424,392
1941-42	42,816,676	1,339,674,152	1,382,490,828
1942-43	65,231,622	3,724,248,890	3,789,480,512
1943-44	91,906,305	4,587,023,094	4,678,929,399
1944-45	35,238,956	4,418,446,315	4,453,685,271
1945-46 (estimated)	12,212,000	3,558,454,000	3,570,666,000
	282,877,367	18,498,182,799	18,781,060,166

21. The following table gives a summary of disbursements from the War Appropriation Acts, War Expenditure Demobilization Appropriation Acts and other acts authorizing expenditure for war purposes, classified by departments administering the expenditures and segregating disbursements resulting in active assets.

ESTIMATED WAR AND DEMOBILIZATION EXPENDITURES, 1945-46

Department of National Defence—	
Army services	$ 940,468,000
Naval services	241,800,000
Air services	524,608 000
Department of Reconstruction and Supply	263,415,000
Miscellaneous departments—	
Agriculture	82,978,000
Auditor General's office	267,000
Canadian Mutual Aid Board including mutual aid appropriations	843,942,000
Civil Service Commission	641,000
External Affairs, including Prime Minister's office	432,000
Finance	144,359,000
Fisheries	248,000
Justice	19,000
Labour	22,907,000
Mines and Resources	3,475,000
National Harbours Board	318,000
National Health and Welfare	12,480,000
National Revenue	975,000
National War Services	14,246,000
Post Office	185,000
Privy Council	42,000
Public Works	6,231,000
Royal Canadian Mounted Police	4,776,000
Secretary of State	34,000
Trade and Commerce (including UNRRA contributions)	106,601,000
Transport	14,592,000
Veterans Affairs (including War Service Grants Act)	328,415,000
Total estimated war and demobilization expenditures	$3,558,454,000

ACTIVE ASSETS	
Purchase of railway equipment—1945 orders	$ 11,399,000
Construction of dock and rail facilities for Steep Rock Iron Mines, Limited	778,000
Loan to village of Dawson Creek for construction of a sewage disposal system.	35,000
Total estimated active loans, advances and investments from the war expenditure and demobilization appropriations, 1945-46.	$ 12,212,000
Total estimated disbursements from the war and demobilization appropriations, 1945-46	$3,570,666,000

22. The table in the preceding section does not include recoverable outlays made under the provisions of section 3 of the War Appropriation Acts which are classed as active assets rather than expenditure. Under this section, the government of Canada may act as the agent of an allied government for any purpose which will aid directly or indirectly in the prosecution of the war and any obligations or costs incurred temporarily or assumed may be paid out of unappropriated moneys in the consolidated revenue fund. Futhermore, any expenditure required to be made by the government under any contract for war supplies entered into for the purpose of enabling any company wholly owned by the government to fulfil its obligations in respect of orders received by such company from an allied government may also be paid out of unappropriated moneys.

23. The principal items of war expenditure for the fiscal year ended March 31, 1946, and the four preceding fiscal years are detailed on pages 2943 to 2946. The expenditures for 1945-46 include both war and demobilization costs and while there were substantial reductions in actual war costs, these reductions were offset in a measure by new items of expenditure more closely associated with demobilization. The net reduction last year over 1944-45 amounted to $859,992,000. Some of the larger reductions are accounted for by: National Defence, army $321,286,000; National Defence, naval services $175,299,000; National Defence, air services $734,849,000; agriculture, $5,076,000; finance, $32,160,000; national war services, $11,736,000. Some of the services showing increases are: Reconstruction and Supply, $44,639,000; National Health and Welfare, $9,440,000; Trade and Commerce—Canada's contribution to UNRRA, $131,759,000 (including that under mutual aid) and Veterans Affairs, $295,656,000, including increases of $219,364,000 in war service gratuities and re-establishment credits, and $29,663,000 in post discharge rehabilitation benefits. Not including the amounts paid to UNRRA from the war appropriation (United Nations Mutual Aid) acts, the amount expended for mutual aid was $771,920,000 compared with $792,253,000 in the previous year. Details of war and demobilization expenditure by departments and services for 1945-46 follow:

ESTIMATED WAR AND DEMOBILIZATION EXPENDITURES BY DEPARTMENTS AND SERVICES—FISCAL YEAR 1945-46

Agriculture—			
Agricultural Supplies Board—			
Administration	$ 24,000		
Programmes to encourage production of essential war supplies	568,000		
Assistance in disposal of agricultural products rendered surplus by the war	355,000		
Feeds administrator	26,494,000		
Flax fibre administrator	20,000		
Fertilizers and pesticides administrator	727,000		
Seeds administrator	105,000		
		$ 28,293,000	
Meat Board	9,721,000		
Dairy Products Board	16,000		
Special Products Board	197,000		
Agricultural Food Board	44,750,000		
Special farm income payments	1,000		
		$ 54,685,000	
			$ 82,978,000
Auditing and checking war appropriation accounts			267,000
Canadian Mutual Aid Board—			
Military Relief		34,000,000	
Mutual Aid:			
Contributions to UNRRA (see also below Trade and Commerce)	$ 38,022,000		
General—Ex UNRRA (see details in paragraph 24)	771,920,000		
		*809,942,000	
			843,942,000

*Includes $84,042,000 charged under Mutual Aid Acts.

ESTIMATED WAR AND DEMOBILIZATION EXPENDITURES BY DEPARTMENTS AND SERVICES—FISCAL YEAR 1945-46—*Con.*

Civil Service Commission—			
Supply of personnel for war services		631,000	
Payment of minimum rate railway fare *re* stenographers and typists		10,000	
			641,000
External Affairs including Prime Minister's Office—			
Departmental Administration and Passport Offices		96,000	
Representation abroad		56,000	
Legation building and residence, Chungking, China		11,000	
San Francisco Conference		$ 118,000	
Sundries		91,000	
Canadian Representatives at meeting of U.N.O.		60,000	
		$	432,000
Finance—			
Payment of premium on purchase of Dominion of Canada registered stock		12,000	
Comptroller of Treasury's Office		9,373,000	
Wartime Prices and Trade Board—			
Administration		14,761,000	
Canadian Wool Board Ltd.		447,000	
Commodity Prices Stabilization Corporation—			
Administration and Subsidies		97,850,000	
Payments to millers and manufacturers of wheat products		14,750,000	
Dominion-Provincial Conference		120,000	
Conversion of large dwellings into multiple housing units		1,787,000	
Administration of Employees Instalment Purchase Plan, Victory Loans		235,000	
Royal Commission on Cooperatives		97,000	
Assistance in operation of old Vancouver Hotel		20,000	
Payment of claims *re* V-E Day disorders at Halifax and explosion at the Naval Magazine, Dartmouth, N.S.		4,611,000	
Investigation Expenses *re* the above claims		260,000	
Sundries		36,000	
			144,359,000
Fisheries—			
Subsidies for the construction of packer-seiner vessels		34,000	
Subsidies for the construction of dragger vessels		89,000	
Construction of fishermen's floats, Prince Rupert, B.C.		35,000	
Construction, etc., of experimental long line vessel		22,000	
Expenses *re* supply of frozen fish for British Ministry of Food		24,000	
Bonus to crews of fisheries vessels in war zones		18,000	
Compensation for war damage to fishing boats and gear		4,000	
Salt Fish Regulations—Administration		14,000	
Canned Fish Regulations—Administration		8,000	
			248,000
Justice—			
War Measures Act		2,000	
Expenses *re* enquiry into Halifax disorders		10,000	
Prize Courts		5,000	
Sundries		2,000	
			19,000
Labour—			
Industrial training for war work		$ 701,000	
Training of young men for aircraft manufacturing, etc.		3,000	
War emergency training—Administration		67,000	
Vocational training for discharged members of the Canadian Armed forces		4,357,000	
National War Labour Board		435,000	
Wartime Labour Relations Board—			
Administration		96,000	
Western War Labour Board—			
Administration		12,000	
Wartime Bureau of technical personnel		147,000	
Personnel Management training		3,000	
National Selective Service Programme—			
Labour Supply Administration	$ 764,000		
Mobilization Division	815,000		
Manpower statistics units	137,000		
Expenses of work done by Unemployment Insurance Commission	9,290,000		
National Registration—			
Administration	313,000		
		11,319,000	

ESTIMATED WAR AND DEMOBILIZATION EXPENDITURES BY DEPARTMENTS AND SERVICES—FISCAL YEAR 1945-46—*Con.*

Coordination of shiploading and unloading operations at Halifax	100,000	
Stabilization of longshore labour, Halifax	362,000	
Universities—Accelerating courses and loans to students	60,000	
General labour transference in war industries and agriculture	613,000	
Harvest assistance to provinces	425,000	
Japanese Division	2,114,000	
Deportation of Japanese	7,000	
Japanese Wood Projects—Revolving Fund	37,000	
Organization and operation of day nurseries, etc.	427,000	
Army Labour Account—Revolving Fund	72,000	
Compulsory transfer of ex-coal mine workers back to coal industry	32,000	
Transportation expenses of members of the armed forces for harvest leave	122,000	
Assistance to provinces in transporting labourers to farms	305,000	
Industrial Production Cooperation Board—Administration	108,000	
Industrial Selection and Release Board and Committees—Administration	252,000	
Vocational Training Coordination Act—Payments to the Provinces under agreements—		
Training and retraining former war workers	2,000	
Dominion assistance to vocational schools	608,000	
Educational film programmes	37,000	
Commission of Enquiry *re* crediting discharged members of the Armed Forces with trades, technical training or experience gained while in the Forces	$ 65,000	
Sundries	19,000	
		$ 22,907,000
Mines and Resources—		
Mines and Geology—		
Development of tar sands	287,000	
Oil explorations	130,000	
Strategic minerals—exploration and development work	8,000	
Air surveys	572,000	
New Metallurgical Laboratory	309,000	
Investigation of radio active ores	17,000	
Explosives Division—Administration of regulations *re* explosives	30,000	
Metallic Minerals Division—Services to war departments	272,000	
Post-war planning	77,000	
Sundries	5,000	
	1,707,000	
Lands, Parks and Forests—		
National Parks Bureau—Alternative service work camps	250,000	
Dominion Forest Service—		
Alternative service work camps	64,000	
Internment and prisoner of war operations	28,000	
Post-war planning	29,000	
Forest Products Laboratories	50,000	
Bureau of Northwest Territories and Yukon Affairs—		
Survey of office accommodation—White Horse	2,000	
Land Registry—		
Alaska Highway, legal services, etc.	37,000	
	460,000	
Surveys and Engineering Branch—Administration—Post-war planning	1,000	
Engineering and Construction Service—		
Prince Rupert—Cedarvale Highway	8,000	
Employment of persons of the Japanese race and Japanese nationals	262,000	
Post-war Service	135,000	
Geodetic Service—		
Post-war planning	158,000	
Expenses of Engineers—Alaska Highway	12,000	
Legal Surveys and Map Service—		
Post-war planning	61,000	
Legal Survey of Alaska Highway	16,000	
Air Navigation maps	49,000	
Dominion Observatory—Ottawa—		
Post-war planning	14,000	

ESTIMATED WAR AND DEMOBILIZATION EXPENDITURES BY DEPARTMENTS AND SERVICES—FISCAL YEAR 1945-46—*Con.*

Hydrographic Service—		
Post-war planning	11,000	
War Risk Zone Bonus	3,000	
Dominion Water and Power Bureau—		
Post-war planning	15,000	
	745,000	
Immigration—		
Canadian interests abroad	429,000	
Grants to National Advisory Committee for children from overseas	30,000	
British evacuee children	49,000	
Medical inspection of dependents of members of the Canadian Armed Forces, etc.	49,000	
Sundries	6,000	
	563,000	
		$ 3,475,000
National Defence—Army Services—		
Departmental administration	1,360,000	
Dependents' Allowance Board	707,000	
Dependents' Supplementary Grants Fund	4,911,000	
Army	853,606,000	
Army—United Kingdom Settlement War Claims	71,250,000	
Internment Operations	1,014,000	
Inspection Board—United Kingdom and Canada	6,124,000	
Imperial War Graves Commission	54,000	
Chemical Warfare Experimental Station	1,254,000	
Northwest Highway System	188,000	
		940,468,000
National Defence—Naval Services—		
Navy	241,134,000	
Royal Canadian Sea Cadets	666,000	
		241,800,000
National Defence—Air Services—		
Departmental Administration	96,000	
Western Hemisphere Operations	93,215,000	
Training Organization—Air	60,669,000	
General Servicing Units	14,896,000	
Overseas Operations	142,539,000	
United Kingdom Settlement—War Claims	82,815,000	
Repatriation and Demobilization	72,153,000	
Surplus Equipment Units	815,000	
Restricted Servicing Units	39,539,000	
Headquarters and Commands Administration	17,871,000	
		524,608,000
National Harbours Board—		
Halifax—Operation of Fire Boat *Rouille*	$ 71,000	
Special fire protection	44,000	
Reconstruction of transit shed 21	185,000	
Platform and shelter roof at embarkation area	16,000	
Vancouver—		
Dredging False Creek Channel	2,000	
		$ 318,000
National Health and Welfare—		
Old age pensions, including pensions to blind persons	9,103,000	
Industrial hygiene including inspection of industrial plants	30,000	
Laboratory of hygiene	4,000	
Public health engineering	23,000	
Food and drugs	20,000	
Quarantine service	48,000	
Processing of blood for dried serum	263,000	
Maintenance of non-resident seamen	23,000	
Grant to Canadian Nurses Association	160,000	
Chlorination of Water Systems—Pacific Coast	47,000	
Dawson Creek, B.C., water supply	11,000	
Treatment Canadian fishermen and seamen	19,000	
Hire of Boat—Halifax Harbour	13,000	
Maintenance of Health Unit, Prince Rupert, B.C.	4,000	
Contribution toward Health Services, Halifax	70,000	
Women's Voluntary Services	10,000	

ESTIMATED WAR AND DEMOBILIZATION EXPENDITURES BY DEPARTMENTS AND SERVICES—FISCAL YEAR 1945-46—*Con.*

National Film Board—			
Special War Library	$ 57,000		
Wartime Information Film Programme	1,084,000		
Stills production and distribution	136,000		
Revolving Fund	126,000		
		1,403,000	
Canadian Information Service (and Wartime Information Board)		1,229,000	
			12,480,000
National Revenue—			
Government Office Economies Control		7,000	
Canadian Broadcasting Corporation Short Wave Station—			
Construction and maintenance		968,000	
			975,000
National War Services—			
Departmental administration		57,000	
War Charities—General		56,000	
War Charities—Rental of Burrard Hall, Vancouver		8,000	
Auxiliary services		13,062,000	
Salvage Division		54,000	
Voluntary War Relief Division		13,000	
Canadian firefighters for United Kingdom		142,000	
Canadian Prisoners of War next-of-kin Division		8,000	
Censorship Division		846,000	
		$	14,246,000
Post Office—			
Canadian Postal Corps		182,000	
Purchase of tobacco labels for service purchases		3,000	
			185,000
Privy Council—			
Statutory Orders and Regulations Division		26,000	
Expenses of Special Commission for defence projects in the Northwest		16,000	
			42,000
Public Works—			
Chief Architect's Branch—			
Armoury Accommodation for Canadian Officers' Training Corps Units		55,000	
Repairs, alterations, operation and maintenance of buildings		2,263,000	
Rental of premises occupied for war purposes		1,621,000	
Furniture, etc., for war employees		354,000	
Post-war construction programme—preparation of plans		55,000	
Halifax—			
Temporary Office Building for Department of Veterans Affairs		105,000	
Quebec—			
Temporary Office Building		416,000	
Ottawa—			
Temporary Annex to Records Building		37,000	
London—			
Purchase and alterations, Garvey Building		76,000	
Norman Wells, N.W.T.—			
Office and living accommodation for government departments		14,000	
Vancouver—			
Construction of temporary office building for Department of Veterans Affairs		165,000	
Sundries		3,000	
		5,164,000	
Chief Engineer's Branch—			
Saint John Harbour (Courtenay Bay), N.B.—Dredging		$ 35,000	
North Sydney, N.S.—Reconstruction of wharf and terminal facilities		46,000	
Post war Construction Programme—Preparation of plans		232,000	
Waterways, Alta.—			
Improvements		3,000	
Dredging		59,000	
Seymour Narrows, B.C.—Removal of Ripple Rocks Nos. 1 and 2		$ 301,000	
War Risk zone bonus		1,000	
		677,000	

ESTIMATED WAR AND DEMOBILIZATION EXPENDITURES BY DEPARTMENTS AND SERVICES—FISCAL YEAR 1945-46—*Con.*

Telegraph Branch—		
To provide for a 24-hour telegraph service on the Pacific Coast	56,000	
Telephone service—Ottawa	310,000	
	366,000	
Contingencies	24,000	
	$	6,231,000
Reconstruction and Supply—		
Reconstruction Division—		
Expenses of surveys and investigation	127,000	
Forest Insect Control Board	102,000	
Canadian Arsenals Ltd.	1,200,000	
Surplus assets of British Commonwealth Air Training Plan sold by War Assets Corporation to March 31, 1945	1,643,000	
Sundries	61,000	
	3,133,000	
Supply Division—		
Departmental Administration	6,900,000	
Expansion of war industry	106,000,000	
Termination of contracts	145,000,000	
	257,900,000	
National Research Council—		
Special war activities	2,382,000	
		263,415,000
Royal Canadian Mounted Police—		
Increased activities of the Force due to the war	4,734,000	
Securities control	42,000	
		4,776,000
Secretary of State—		
Citizenship Branch	26,000	
Sundries	8,000	
		34,000
Trade and Commerce—		
Canadian Shipping Board	96,000	
Export Permit Branch	168,000	
Shipping Priorities Committee	43,000	
Steamship Stabilization Fund	347,000	
Canadian Export Board—Administration	154,000	
Canada's contribution to UNRRA	104,830,000	
To reimburse Canadian Wheat Board for expenditure incurred *re* allocation of railway cars and deliveries of grain	963,000	
		106,601,000
Transport—		
Departmental administration	$ 34,000	
Transport Controller's Office	229,000	
Director of Merchant Seamen, including administration, manning pools, nautical schools and welfare facilities	3,542,000	
Air Service—		
Special radio interception and monitoring services—		
Radio service	2,111,000	
Meteorological service	1,959,000	
Civil Aviation—		
Operation and maintenance of airports	386,000	
Airways and airports traffic control	512,000	
Airways and airports—Construction and improvements	213,000	
Northeast (Crimson) Staging Route	248,000	
Northwest Staging Route	1,096,000	
Mackenzie River Route	676,000	
R.C.A.F. airfields transferred to Department of Transport (maintenance)	151,000	
Canadian Government Trans-Atlantic Air Service	1,955,000	
Moncton to Newfoundland Airline	30,000	
Saskatoon Airport—reconstruction and enlargement	122,000	
Dorval and North Bay airports—Construction of additional hangar space, etc.	105,000	
	9,564,000	

ESTIMATED WAR AND DEMOBILIZATION EXPENDITURES BY DEPARTMENTS AND SERVICES—FISCAL YEAR 1945-46—*Con.*

Marine Service—			
Aids to navigation		47,000	
Marine Service Steamers		160,000	
War risk zone bonus		96,000	
Nautical services		63,000	
Compensation to crews of Canadian vessels for personal effects		25,000	
		391,000	
Railway Service—			
Degaussing equipment for Canadian vessels		236,000	
Additional harbour and transportation facilities at Halifax		297,000	
Contribution *re* freight rates on ore from Steep Rock Iron Mines		275,000	
		808,000	
Miscellaneous—			
Joint United States-Canada defence—Acquisition of Properties		24,000	
			$ 14,592,000
Veterans Affairs—			
Treatment, Armed Forces		$ 26,298,000	
Treatment, Royal Canadian Mounted Police		85,000	
Pensions, Armed Forces		22,213,000	
Civil Defence		106,000	
Investigation, Dependents' Allowance Board		37,000	
Post-discharge re-establishment—Rehabilitation benefits		32,131,000	
War service gratuities and re-establishment credits		239,592,000	
Detention allowances—Canadian seamen		32,000	
War Veterans' Allowance Board—Pensions under the dual service pension order, etc.		155,000	
Gratuities—Canadian Firefighters		162,000	
Gratuities—Auxiliary Services		125,000	
Advertising campaign *re* available housing		62,000	
Contributions for construction of additions to Charlottetown Hospital and Prince Edward Island Hospital		15,000	
Contribution toward additional accommodation at Kingston General Hospital		84,000	
Contribution to Port Arthur General towards construction of a wing		50,000	
Grant to Saskatchewan Anti-Tuberculosis League for extension to Fort Qu'Appelle Sanatorium		85,000	
Provision of additional accommodation in Departmental Hospitals—			
Halifax, Camp Hill Hospital	$ 280,000		
Saint John, Lancaster Hospital	16,000		
St. Anne de Bellevue, St. Anne's Hospital	299,000		
Montreal, Currie Memorial Hospital	65,000		
Peterborough, Hostel	52,000		
Kingston, Women's Hostel	24,000		
Toronto, Christie Street Hospital	283,000		
Sunnybrook Park Veterans' Memorial Hospital	3,118,000		
Lyndhurst Lodge	20,000		
London, Westminster Hospital	125,000		
Winnipeg, Deer Lodge Hospital	452,000		
Academy Road Annex	21,000		
Regina, General Hospital	66,000		
Government House	4,000		
Calgary, Col. Belcher Hospital	46,000		
Edmonton, University Hospital	4,000		
Vancouver, Shaughnessy Hospital	661,000		
Victoria, Veterans' Hospital	470,000		
Dawson Creek, B.C., purchase of former United States Military Hospital	68,000		
Amherstburg, Ont., purchase of land and buildings for establishment of Veterans Home	50 000		
		$ 6,124,000	

ESTIMATED WAR AND DEMOBILIZATION EXPENDITURES BY DEPARTMENTS AND SERVICES—FISCAL YEAR 1945-46—*Con.*

Provision of Health and Occupational Centres—			
Saint John	$ 78,000		
Saint Anne de Bellevue	62,000		
Gloucester Township (Ottawa)	235,000		
Toronto	165,000		
London	375,000		
Winnipeg	4,000		
Burnaby	88,000		
		1,007,000	
Sundries		52,000	
			$ 328,415,000
Total Direct War and Demobilization Expenditures, 1945-46			$ 3,558,454,000

Mutual Aid

24. Under the War Appropriation (United Nations Mutual Aid) Acts, and the War Appropriation Acts, 1945, $771,920,000 was expended for mutual aid in the fiscal year ended March 31, 1946, apart from sums expended on behalf of UNRRA which are listed elsewhere.

The following tables give the distribution by countries and by the type of aid provided. The distribution indicated is subject to revision when complete reports are received of finished goods not shipped at September 1, 1945, the date mutual aid shipments ceased. These supplies were later transferred to War Assets Corporation.

Distribution of Mutual Aid Expenditures by Countries	
United Kingdom (including ships later recovered)	$ 662,586,000
Union of Soviet Socialist Republics	44,069,000
Australia	15,651,000
China	6,852,000
France	7,545,000
New Zealand	7,382,000
West Indies	761,000
Greece	12,000
	744,858,000
India—Deduct: sales tax recovered—charged in previous year	1,112,000
	743,746,000
Costs not allocated to countries (administration, surplus supplies on hand at end of hostilities, etc.)	28,174,000
	771,920,000

DISTRIBUTION OF MUTUAL AID BY TYPE OF AID

Munitions and military supplies, including ships—		
Aircraft and parts	$ 91,124,000	
Automotive equipment and mechanical transport	74,949,000	
Tanks and other fighting equipment	15,591,000	
Chemicals and explosives	4,347,000	
Guns and small arms	55,915,000	
Shells and ammunition	81,918,000	
Merchant vessels—construction	119,580,000	
repairs and servicing	5,892,000	
Naval vessels and equipment	62,916,000	
Cloths, clothing and fabrics	6,580,000	
Radio, electrical and telephone equipment	15,342,000	
Lumber and heavy materials	3,464,000	
Machine tools and heavy equipment	3,647,000	
Small tools, stores and miscellaneous	2,297,000	
Aluminum	562,000	
Other base metals	1,845,000	
Locomotives and railway rolling stock	5,886,000	
Freight	13,357,000	
		565,212,000
Foodstuffs and farm products—		
Bacon	$ 23,790,000	
Canned pork	95,000	
Offals	207,000	
Casings	180,000	
Beef	849,000	
Other meats	7,000	
Lard	5,000	
Tallow	60,000	
Cheese	11,489,000	
Milk	1,487,000	
Eggs	6,512,000	
Dehydrated vegetables	451,000	

DISTRIBUTION OF MUTUAL AID BY TYPE OF AID—*Con.*

Dried beans	20,000	
Garden seeds	22,000	
Forage crop seeds	662,000	
Seed potatoes	219,000	
Canned salmon	3,648,000	
Canned herring	55,000	
Frozen fish	1,395,000	
Other fish and products	589,000	
Wheat	90,896,000	
Flour	21,636,000	
Oats	2,071,000	
Oatmeal	452,000	
Rolled oats	1,056,000	
Linseed oil	18,000	
Miscellaneous	96,000	
		$ 167,967,000
General supplies—		
Asbestos	353,000	
Paper	3,708,000	
Farm machinery	2,899,000	
Boots, clothing and fabrics	302,000	
Fertilizers and chemicals	519,000	
Tires and tire cord fabric	260,000	
Blasting caps	156,000	
Ocean freight	449,000	
Miscellaneous	1,155,000	
		9,801,000
Air Training Services unded B.C.A.T.P.		766,000
		743,746,000
Surplus aircraft transferred to R.C.A.F.	27,308,000	
Declared surplus to War Assets Corporation	763,000	
General costs not allocated to countries	49,000	
Administration	54,000	
		28,174,000
		$ 771,920,000

Special Expenditures

25. Special expenditures are estimated at $17,358,000 for the fiscal year ended March 31, 1946, an increase of $9,852,000 over 1944-45. The increase is mainly accounted for by the advance of $12,052,000 to meet the deficit in the Prairie Farm Emergency Fund. The amount required to meet the deficit in the preceding year was only $1,295,000.

GOVERNMENT OWNED ENTERPRISES

26. The classification of expenditures entitled government owned enterprises comprises the losses of and non-active advances to government owned enterprises which had been established before the war and are operated as separate corporations. As the Canadian National Railways has shown substantial annual surpluses since 1940, expenditure under this heading since the fiscal year 1940-41 has been of minor importance, the total for 1945-46 being $1,334,000.

Canadian National Railways

27. The operating revenues of the Canadian National Railways for the calendar year 1945 totalled $433,773,000, a decrease of 1·7 per cent from those of 1944. Operating expenses of the railway amounted to $355,294,000, or 2 per cent less than in 1944.

The net operating revenue of the railway was $78,479,000 and after deducting $10,601,000 for taxes, equipment and joint facility rentals, there remained a net railway operating income of $67,878,000. Other income, less deductions, totalled $3,206,000, resulting in $71,084,000 being available for interest. After payment of $26,022,000 in interest on debt held by the public and $20,306,000 in interest to the government in respect of temporary loans for capital and refunding purposes, there was a net cash surplus of $24,756,000. This cash surplus was paid to the government in redemption of temporary loans for refunding, as shown in paragraph 36.

The operating deficit of the Prince Edward Island car ferry and terminals for 1945 was $688,000 compared with $773,000 in the previous year.

Canadian National Steamships

28. The Canadian National (West Indies) Steamships, Limited, in the calendar year 1945 had an operating surplus of $1,563,000 and earnings from the vessel replacement fund totalled $217,000. From this total income of $1,780,000 there was paid $521,000 for bond interest and exchange and $143,000 for interest on government advances, leaving an income surplus of $1,116,000. This income surplus was utilized as follows: $632,000 was paid to the government in final discharge of all capital and working capital advances; $217,000 was retained in the vessel replacement fund; and $267,000 was set aside as additional depreciation in view of the decision to dispose of certain of the older vessels in the immediate future.

National Harbours Board

29. The operating income of the National Harbours board for the calendar year 1945, after payment of interest to the public but before depreciation, reserve for replacements and interest on government advances was $5,596,000 compared with $5,581,000 in the previous year. Interest paid to the government in the fiscal year totalled $3,950,000.

Financial assistance provided by the government to the National Harbours board and charged to expenditure under the category of government owned enterprises totalled $646,000, divided as follows: $86,000 for the operating deficit of Churchill harbour; $558,000 for non-active advances to meet the deficit of the Jacques Cartier bridge at Montreal; $1,000 for capital expenditures at Halifax harbour; and $1,000 for capital expenditures at Three Rivers harbour. Details of expenditures charged to the war appropriation are given under "War Expenditures."

The elevators at Port Colborne and Prescott operated at a profit during the year and $233,000 was paid to the government.

OTHER CHARGES

30. Total expenditures in this final category are estimated at $47,713,000 compared with $47,762,000 in 1944-45.

The sum of $25,000,000 has again been added to the debt of Canada and credited to the reserve to meet possible losses on the ultimate realization of active assets, bringing the total amount of the reserve to $150,000,000. The annual write-off of soldier and general land settlement loans and Canadian Farm Loan board capital stock, amounting in all, to but $37,000 for the fiscal year 1945-46, resulted in a similar increase in the dominion's net debt, as the write-off is from active assets. The yearly established loss of $45,000 on seed grain and relief account administered by the Department of Mines and Resources does not increase the net debt as the write-off is from an amount already set aside in the non-active accounts to provide for revaluations and losses.

The dominion's equity in the Canadian National Railways as reflected in the Canadian National Railways securities trust stock increased during the year by the amount of the surplus earnings of the system for 1945 of $24,756,000 less line abandonments of $1,167,000 and retirement of rolling stock of $958,000 resulting in a net increase of $22,631,000. This amount is shown as the final item under other charges and as it is also credited to the consolidated fund on the revenue side of the dominion's books, the net debt of Canada is not affected by these transactions.

SUMMARY OF EXPENDITURES

31. The estimated grand total of expenditure for the fiscal year 1945-46 under the various categories enumerated, namely ordinary expenditures, capital expenditures, war expenditures, special expenditures, losses of and non-active advances to government owned enterprises, and other charges, was $4,691,307,000.

32. The following table shows the percentage distribution of estimated revenues and expenditures for a number of important items. Receipts from various taxes and other revenue sources, after deducting the $72,500,000 of income and excess profits taxes estimated as refundable after the war, are shown as percentages both of total revenues and of total expenditures. Similarly, several of the main items of expenditure or groups of such items are shown as percentages both of total expenditures and of total revenues. The purpose of this table is to enable broad conclusions to be drawn as to the relative burdens imposed on the public treasury by the war and the main services or obligations of government.

PERCENTAGE DISTRIBUTION OF ESTIMATED REVENUE AND EXPENDITURE, 1945-46

—	Amount in thousands of dollars	Percentage of Total Revenue	Percentage to Total Expenditure
	$	%	%
Ordinary Revenue—			
Customs Import Duties	128,877	4·36	2·75
Excise Duties	186,726	6·32	3·98
Excise Taxes—sales tax and other excise taxes	455,712	15·42	9·71
War Exchange Tax	41,198	1·39	0·88
Income tax on persons, corporations, etc. (net)	932,730	31·56	19·88
Excess Profits Tax (net)	426,696	14·44	9·09
Succession Duties	21,448	0·72	0·46
Other Tax Revenues	8,972	0·30	0·19
Total Revenue from Taxes	2,202,359	74·51	46·94
Non-tax Revenue	160,688	5·44	3·43
Total Ordinary Revenue	2,363,047	79·95	50·37
Special Receipts and Credits	592,557	20·05	12·63
Grand Total Revenue	2,955,604	100·00	63·00

—	Amount in thousands of dollars	Percentage of Total Expenditure	Percentage to Total Revenue
	$	%	%
Ordinary Expenditure—			
Interest on Public Debt	408,960	8·72	13·84
Other Public Debt Charges	28,479	0·60	0·96
Subsidies and payments to provinces under taxation agreements	112,499	2·40	3·81
Family Allowances	172,632	3·68	5·84
Old Age Pensions and pensions to blind persons	33,715	0·72	1·14
Unemployment Insurance Act, administration and Government's contribution	18,716	0·40	0·63
Agriculture	10,318	0·22	0·35
Mines and Resources	11,401	0·24	0·39
National Revenue	22,631	0·48	0·77
Post Office	57,730	1·23	1·95
Public Works	16,263	0·35	0·55
Transport	18,215	0·39	0·62
Veterans' Affairs	72,839	1·55	2·46
All other	77,447	1·65	2·62
Total Ordinary Expenditure	1,061,845	22·63	35·93
Capital Expenditure	4,603	0·10	0·16
War and Demobilization Expenditure—			
National Defence—Army	940,468	20·05	31·82
Navy	241,800	5·15	8·18
Air	524,608	11·18	17·75
Reconstruction and Supply	263,415	5·62	8·91
Veterans' Affairs	328,415	7·00	11·11
Canada's contribution to UNRRA	142,852	3·05	4·83
Mutual Aid	771,920	16·45	26·12
Other Departments	344,976	7·35	11·67
Total War and Demobilization Expenditure	3,558,454	75·85	120·39
Special Expenditure	17,358	0·37	0·59
Government Owned Enterprises	1,334	0·03	0·05
Other Charges	47,713	1·02	1·61
Grand Total Expenditure	4,691,307	100·00	158·73

OVER-ALL DEFICIT

33. As total revenues for the fiscal year ended March 31, 1946, were $2,955,604,000 and expenditures aggregated $4,691,307,000, the over-all deficit or increase in net debt for the year was $1,735,703,000.

LOANS, ADVANCES AND INVESTMENTS

34. In addition to the expenditures already detailed, the government makes disbursements for the acquisition of investments which are treated as "active" and are deducted from total gross liabilities in arriving at the figure of net debt. The net increase in loans, advances and investments for 1945-46 was $666,055,000 compared with $457,458,000 in 1944-45. Details of these increases together with those for the four previous fiscal years will be found in the table on page 39.

RAILWAY AND STEAMSHIP COMPANIES

35. The net increase in this category in the fiscal year ended March 31, 1946, was $43,163,797, and relates to transactions with the Canadian National Railways, and the Canadian National (West Indies) Steamships, Limited.

36. In the fiscal year the government made net payments to the Canadian National Railways in the amount of $43,613,797 classified as follows:

Advances—		
Under Canadian National Railways Refunding Act, 1944 for retirement of called or matured issues	$	65,500,000
Under Canadian National Railways Financing and Guarantee Act, 1940—Purchase of Grand Trunk Railway Company of Canada 4 per cent perpetual consolidated debenture stock		79,645
Under Canadian National Railways Financing and Guarantee Acts, 1941 and 1942—Purchase of securities from Canadian holders		20,401
Under the War Appropriation (United Kingdom Financing) Act, 1942—Purchase of securities from government of the United Kingdom		231,447
Total advances by way of loan	$	65,831,493
Equipment purchased by government and leased to railway under hire-purchase agreement:		
1945 Agreement		11,399,341
Total Loans and Equipment Purchased	$	77,230,834
Repayments—		
Application of 1945 net income surplus to advances under Refunding Act, 1938	$	24,756,130
Surplus available from depreciation reserves and debt discount amortization after providing for capital expenditures during 1945—Applied to advances under the Refunding Act, 1938		2,545,411
Release of trust funds held *re* Canadian Northern Ontario Railway 3½ per cent debenture stock—Applied to advances under the Refunding Act, 1938		958,113
Financing and Guarantee Act, 1941—Purchase of securities		35,213
Total repayment of loans	$	28,294,867
Repayments of Instalments under Hire-Purchase Agreements:		
1936 Agreement	$	517,173
1940 Agreement		991,968
1941 Agreement		1,382,634
1943 Agreement		1,561,667
1944 Agreement		868,728
Total Equipment Repayments	$	5,322,170
Total Repayments of Loans and Equipment Repayments	$	33,617,037
Net Total Payments on acount of Loans and for Equipment Purchased	$	43,613,797

37. During the fiscal year the Canadian National (West Indies) Steamships Limited repaid from its surplus an amount of $450,000 advanced to it in 1937-38 for working capital purposes.

FOREIGN EXCHANGE CONTROL BOARD

38. During the fiscal year $700,000,000 was advanced to the foreign exchange control board to enable the board to finance the purchase of gold and foreign exchange.

SUNDRY GOVERNMENT AGENCIES

39. The net change in advances to the National Harbours board during the year was a reduction of $66,000. Advances of $22,000 were made for capital purposes at the port of Montreal, while a capital refund of $88,000 was received from Vancouver.

40. The net increase in the fiscal year in advances for soldier and general land settlement aggregated $18,677,000. This increase was occa-

sioned by net advances of $24,012,000 under the Veterans' Land Act, less net repayments by settlers and $36,000 written off and charged to Consolidated Deficit Account.

41. Net advances to sundry crown companies decreased during the fiscal year by $8,486,000. Repayments of $6,500,000 by the Canadian Wool board and $5,946,000 by various companies operating under the Department of Reconstruction and Supply were partially offset by advances of $2,000,000 to the Export Credits Insurance Corporation for capital surplus and $1,960,000 to the War Assets Corporation.

UNITED KINGDOM AND OTHER GOVERNMENTS

42. Net advances under this heading increased by $91,886,000 during the fiscal year. The Canadian dollar obligation of the government of the United Kingdom under the authority of the War Appropriation (United Kingdom Financing) Act, 1942, was reduced by $63,946,000, leaving a balance outstanding at the fiscal year end of $538,564,000. The government of the Union of Soviet Socialist Republics repaid $2,500,000 of the $10,000,000 loan made for the purchase of wheat. Advances made to the government of the United Kingdom under section 3 of the War Appropriation Act for the purchase of food and other essential supplies decreased during the year by $9,841,000.

43. Advances made to foreign governments and their agencies pursuant to agreements made under the Export Credits Insurance Act totalled $67,412,000, as follows: Belgium, $25,000,000; Czechoslovakia, $3,192,000; Netherlands, $25,150,000; Netherlands Indies, $1,800,000; Norway, $9,495,000, and Union of Soviet Socialist Republics, $2,775,000.

44. Other large advances made under Section 3 of The War Appropriation Acts and outstanding at the end of the year were as follows: Belgium, $2,159,000; France, $88,346,000; Netherlands, $12,442,000; Union of Soviet Socialist Republics, $8,819,000; and the United Kingdom, $32,123,000.

45. Under the British Commonwealth Air Training Plan No. 1, which terminated on June 30, 1942, there was established during the fiscal year 1943-44 a net liability of the United Kingdom to Canada of $200,000,000. This amount has since been maintained as a book debt owing by the United Kingdom. Under Plan No. 2, in effect from July 1, 1942, to March 31, 1945, the net accumulated amount owing to the government of Canada was shown as $249,504,000 as at March 31, 1945. After eliminating expenditures properly chargeable to other appropriations and making allowance for various adjustments, in accordance with the terms of the Agreement, some necessarily on an estimated basis, the net liability of the United Kingdom was finally agreed to be $225,000,000.

The Financial Agreement between the government of Canada and the government of the United Kingdom, dated March 6, 1946, provides that the combined total obligations under the two plans, namely, $425,000,000, will be cancelled. The article of the agreement providing for this cancellation, however, and the article in the United Kingdom Financial Agreement Act, 1946, to implement it have not yet come into effect, pending action by the United States Congress on the Anglo-American Financial Agreement. If and when that agreement is approved by Congress, immediate action will be taken to implement this provision of the Canadian-United Kingdom Agreement. This will result in the cancellation of this item in Loans and Advances, and a corresponding increase in War Expenditures for the year 1945-46.

Investments—

46. Under the provisions of the Central Mortgage and Housing Corporation Act, $25,000,000 was paid to the corporation for capital purposes. The corporation in turn paid the government $14,721,000, representing outstanding balances of loans made under the Dominion and National Housing Acts (shown under Loans and Advances—Miscellaneous). The corporation also paid $250,000, representing the capital stock of the Central Mortgage Bank.

47. The government's investment in the Canadian Farm Loan board decreased during the year by $2,401,000. The board purchased out of surplus funds $4,500,000 of its 3½ per cent bonds due January 2, 1960, and approximately $1,000 of the board's capital stock was written off to Consolidated Deficit Account. On the other hand, the dominion purchased from the board $2,100,000 of 3 per cent bonds due January 2, 1970. At the end of the fiscal year the government's investment in the Canadian Farm Loan board totalled $21,623,000.

48. During the fiscal year a further $2,000,000 of the Export Credits Insurance Corporation's capital stock was purchased by the dominion.

49. Miscellaneous investments decreased by $183,544,000. The main item in this category is the Securities Investment Account, consisting chiefly of the cost of acquisition of dominion government direct securities, which decreased by $184,382,000 during the year. Other miscellaneous investments increased by $838,000.

50. The following table gives the details of the annual changes in loans, advances and investments in the fiscal year ended March 31, 1946, and the four previous fiscal years.

ANNUAL CHANGES IN ACTIVE LOANS AND ADVANCES AND INVESTMENTS FOR THE LAST FIVE FISCAL YEARS

(Thousands of Dollars)

	Fiscal Years Ended March 31				
	1942	1943	1944	1945	Estimated 1946
Loans and Advances					
RAILWAY AND STEAMSHIP COMPANIES—					
Canadian National Railways	251,240	142,539	Cr. 3,907	83,608	43,613
Canadian National Steamships—					
Canadian Government Merchant Marine Ltd.	Cr. 800	.....	.....	.....	.....
Canadian National (West Indies) Steamships, Ltd.	.....	.....	.....	.....	Cr. 450
Canadian Pacific Railway Company	Cr. 2,085	Cr. 12,814	.....	.....	.....
Net Total, Railway and Steamship Companies	248,355	129,725	Cr. 3,907	83,608	43,163
Foreign Exchange Control Board	400,000	Cr. 325,000	185,000	265,000	700,000
SUNDRY GOVERNMENT AGENCIES—					
Canadian Broadcasting Corporation	Cr. 283	Cr. 503	.....	.....	.....
National Harbours Board	Cr. 980	Cr. 267	Cr. 127	8	Cr. 66
Soldier Settlement of Canada	Cr. 1,791	Cr. 1,692	Cr. 2,090	3,948	18,677
Sundry Crown Companies	15,397	45,140	63,317	Cr. 16,774	Cr. 8,486
Sundry Crown Plants, privately managed	.....	.....	57,007	Cr. 10,909	.....
Other	8	4	Cr. 11	38	Cr. 40
Net Total, Sundry Government Agencies	12,351	42,682	118,096	Cr. 23,689	10,085
Provincial and Municipal Governments	Cr. 629	Cr. 899	Cr. 437	15,599	Cr. 4,351
UNITED KINGDOM AND OTHER GOVERNMENTS—					
United Kingdom, loan under The War Appropriation (U.K. Financing) Act, 1942	.....	700,000	Cr. 42,392	Cr. 55,098	Cr. 63,946
Union of Soviet Socialist Republics—					
Loan for purchase of wheat	.....	917	9,083	.....	Cr. 2,500
United Kingdom, Australia and New Zealand—Air training accounts	72,199	56,360	5,403	81,586	Cr. 249,504
United Kingdom-British Commonwealth Air Training Plan—Settlement	.....	.....	200,000	.....	225,000
United Kingdom, food advance accounts	.....	6,755	13,244	10,613	Cr. 9,841
War Supplies, Ltd.	.....	83,042	Cr. 11,884	Cr. 71,158	.....
Other (U.K. and Other Governments)	7,405	661	16,766	Cr. 4,215	192,677
Net Total, U.K. and Other Governments	79,604	847,735	190,220	Cr. 38,272	91,886
MISCELLANEOUS—					
Dominion and National HousingActs	2,644	239	Cr. 532	Cr. 1,240	Cr. 14,72
Sundry munitions contractors, etc. (Department of Reconstruction and Supply)	9,260	3,640	Cr. 3,964	7,975	Cr. 738
Sundry Loans and Advances	Cr. 651	Cr. 329	Cr. 61	Cr. 74	Cr. 74
Net Total, Miscellaneous	11,253	3,550	Cr. 4,557	6,661	Cr. 15,533
Net Total, All Loans and Advances	750,934	697,793	484,415	308,907	825,250

ANNUAL CHANGES IN ACTIVE LOANS AND ADVANCES AND INVESTMENTS FOR THE LAST FIVE FISCAL YEARS—*Con.*

(Thousands of Dollars)

—	Fiscal Years Ended March 31				
	1942	1943	1944	1945	Estimated 1946
INVESTMENTS					
Central Mortgage and Housing Corporation Capital Stock	.....	.....	.....	.....	25,000
Canadian Farm Loan Board	Cr. 985	Cr. 2,507	Cr. 5,005	Cr. 5,001	Cr. 2,401
Central Mortgage Bank Capital Stock	.....	.....	.....	.....	Cr. 250
Export Credits Insurance Corporation Capital Stock	.....	.....	.....	500	2,000
Other Investments	6,530	Cr. 7,645	155,931	153,052	Cr. 183,544
Net Total, Investments	5,545	Cr. 10,152	150,926	148,551	Cr. 159,195
Net Total of changes in Loans and Advances and Investments	756,479	687,641	635,341	457,458	666,055

LOAN FLOTATIONS

51. In the fiscal year ended March 31, 1946, the dominion issued securities in the domestic market in an estimated amount of $4,565,703,898. This amount includes the net increase of $70,000,000 in treasury bills outstanding, but does not include the amount of the recurring issues of treasury bills and deposit certificates issued to refund similar securities maturing during the year. In the fiscal year $1,813,748,885 of dominion obligations matured or were called for redemption, leaving $2,751,955,013, less cost of flotations, available for government expenditures. During the year, no issues were sold to the chartered banks except renewals of deposit certificates and treasury bills. Since March 5, 1946 deposit certificates have been issued bearing an interest rate of $\frac{5}{8}$ of 1 per cent as compared with the former rate of $\frac{3}{4}$ of 1 per cent.

52. The following table gives the details of issues sold during the year, classified as to original issue by sales to the Bank of Canada and the general public (excluding the $33,293,471 4 per cent school lands debentures held by the prairie provinces which were renewed for one year).

LOAN FLOTATIONS, 1945-46

—	Issue Date	Maturity Date	Interest Rate	Price to Government	Yield at Price to Government	Total Amount Issued	Renewals or Conversions included in Amount Issued	Amount Issued for cash
			%	$	%	$	$	$
Treasury Bills (net increase)						70,000,000		70,000,000
Sold to Bank of Canada								
One Year Notes	April 15, 1945	April 15, 1946	1	100 00	1·00	250,000,000	250,000,000	
Six Months Notes	April 16, 1945	Sept. 1, 1945	3/4	100 00	0·75	102,000,000	102,000,000	
Six Months Notes	Sept. 1, 1945	Mar. 1, 1946	3/4	100 00	0·75	256,000,000	256,000,000	
Treasury Certificates	Mar. 1, 1946	Sept. 1, 1946	5/8	100 00	0·625	256,000,000	256,000,000	
Sold to General Public						864,000,000	864,000,000	
Eighth Victory Loan	May 1, 1945	Nov. 1, 1949	1 3/4	99 61	1·81	267,800,000		267,800,000
Eighth Victory Loan	May 1, 1945	Oct. 1, 1963	3	99 35	3·05	1,295,819,350		1,295,819,350
Ninth Victory Loan	Nov. 1, 1945	Nov. 1, 1950	1 3/4	(1)99 66	(1)1·82	335,690,000		(1)335,690,000
Ninth Victory Loan	Nov. 1, 1945	Sept. 1, 1966	3	(1)99 40	(1)3·04	1,689,021,200		(1)1,689,021,200
War Savings Certificates and Stamps (net)			3(2)	100 00	(2)3·00	10,079,877		10,079,877
						3,598,410,427		3,598,410,427
Grand Total						4,532,410,427	864,000,000	3,668,410,427

(1) Preliminary figures, subject to revision. Amount issued includes only the actual amount received to the close of the fiscal year.
(2) Yield to investor if held to maturity, seven and one-half years after issue date, amount issued includes interest accrued during the year on outstanding certificates.

53. During the fiscal year 1945-46, the Eighth and Ninth Victory Loans were sold, both being larger than any previous Canadian loan sold for cash. The Eighth Victory Loan was sold entirely for cash in the amount of $1,563,619,350, the number of subscriptions being 3,178,275. The Ninth Victory Loan was sold entirely for cash in the amount of $2,024,711,200 (the figures for the Ninth Victory Loan include only the actual amount of cash received at the close of the fiscal year and are not final), the number of subscriptions being 2,947,636.

54. The following table gives the details of Dominion of Canada bond redemptions during the fiscal year ended March 31, 1946:

DOMINION OF CANADA BOND REDEMPTIONS 1945-46

Maturity or Call Date	Interest Rate	Where Payable	Amount
	%		$
April 15, 1945	1	Canada	250,000,000
April 16, 1945	¾	Canada	102,000,000
July 1, 1945	4	Canada	33,293,471
July 2, 1945	1½	Canada	450,000,000
September 1, 1945	¾	Canada	256,000,000
November 15, 1945(1)	3	New York	40,000,000
January 15, 1946(2)	3	New York	55,000,000
January 16, 1946(3)	3	New York	30,000,000
January 16, 1946(4)	3	New York	30,000,000
February 1, 1946	4½	Canada	45,000,000
March 1, 1946	¾	Canada	256,000,000
May 1, 1955(5)	3¼	London	121,983
September 1, 1958(5)	4	London	84,338
July 1, 1963(5)	3¼	London	15,381
Deposit Certificates (net)	¾	Canada	260,000,000
Non-Interest Bearing Certificates (net)	—	Canada	6,233,712
Total			1,813,748,885
Less amounts renewed or converted(6)			897,293,471
Provided from cash resources			916,455,414

(1) Maturity date November 15, 1968, called for redemption on November 15, 1945.

(2) Maturity date January 15, 1967, called for redemption on January 15, 1946.

(3) Maturity date January 15, 1953, called for redemption on January 16, 1946.

(4) Maturity date January 15, 1958 called for redemption on January 16, 1946.

(5) These issues were vested by the Treasury of the United Kingdom in August, 1941. The amounts (at par of exchange) purchased in the fiscal year 1945-46 were cancelled.

(6) Total from previous table $864,000,000 and School Lands Debenture Stock, viz. $33,293,471.

55. The fortnightly issue of three months' treasury bills was continued during the year and the amount outstanding was increased by $70,000,000 to $450,000,000. The last issue in the fiscal year was sold at a discount of 0·371 per cent.

56. The average rate of interest on the dominion's direct funded debt (including treasury bills and deposit certificates) outstanding at March 31, 1946 was 2·59 per cent. This figure compares with 2·51 per cent on the debt outstanding at the close of the preceding year, the increase being accounted for by the amount of Eighth and Ninth Victory Loan bonds issued which bore a three per cent coupon.

CASH DEFICIENCY

57. The total cash deficiency of the government for the fiscal year ended March 31, 1946, is estimated at $2,451,600,000 compared with $2,955,000,000 for the previous fiscal year.

It should be noted that while the budgetary deficit for 1945-46 is estimated at $1,735,703,000, the cash deficiency (that is the excess of cash requirements over receipts other than borrowing) exceeded this amount by $715,897,000. Thus borrowing from the Canadian people supplied the total cash deficiency of $2,451,600,000 although a large portion of the cash thus raised was required, not to finance expenditure but to finance the net increase in assets.

Cash requirements for this latter purpose were much heavier in 1945-46 than in the preceding fiscal year as can be seen from the fact that while the budgetary deficit for 1945-46 was $822,575,000 less than for 1944-45, the cash requirements decreased by $503,400,000, a much smaller amount.

58. The following table sets out requirements for and sources of cash as estimated for the fiscal period ended March 31, 1946.

REQUIREMENTS FOR AND SOURCES OF CASH, FISCAL YEAR 1945-46 (1)

(Millions of dollars)

REQUIREMENTS FOR CASH		
Non-War Expenditure—		
Interest on the public debt	$ 409·0	
Payments to provinces under wartime tax agreements	98·1	
Family allowances	172·6	
Other ordinary expenditure	352·3	
Total ordinary cash expenditure	$ 1,032·0	
Capital expenditure	4·6	
Special expenditure	17·4	
Government owned enterprises	1·3	
Total non-war cash expenditure (2) (3)		$ 1,055·3
War Expenditure—		
Department of National Defence—		
Air Force (4)	524·6	
Army (5)	940·5	
Navy	241·8	
Department of Reconstruction and Supply	263·4	
Department of Veterans Affairs	328·4	
Mutual Aid, UNRRA and Military Relief	948·8	
Other Departments	311·0	
Total War Expenditure in Cash		3,558·5
Outlays that Increased Assets or Decreased Liabilities—		
Purchase price of increase in holdings of gold and U.S. dollars (6)	31·7	
Reduction in New York indebtedness (6)	162·6	
Purchase price of increase in sterling balances	28·4	
Reduction in London indebtedness	0·3	
Cost of loan flotations, portion to be amortized	20·7	
Advances to F.E.C.B	700·0	
Advances to C.N.R	43·6	
Advances to United Kingdom and other governments (7)	91·9	
Securities investment account	−184·4	
Other outlays	16·9	
Total outlays that increased assets or decreased liabilities		911·7
Grand total requirements for cash (9)		$ 5,525·5

(1) "Cash" and "non-cash" transactions are sometimes difficult to define; for example, interest payments to certain trust and other accounts are left on deposit with the Receiver General. Those here treated as non-cash are limited to adjustments to the valuation of assets and liabilities, and the amortization of loan flotation charges.

(2) Excluding the amortization of bond discounts and commissions, $14·9 million, and premium, discount and exchange, $14·9 million.

(3) Excluding the write-down of assets $25·1 million and adjustments of the valuation of C.N.R. Securities Trust Stock due to net income surplus less capital losses, $22·6 million.

(4) Includes $82·8 million *re* U.K. Settlement—War Claims—previously classified as Active Assets.

(5) Includes $71·3 million *re* U.K. Settlement—War Claims—previously classified as Active Assets.

(6) Computed by adding the 10% exchange premium to the change during the year.

(7) Excludes $154·1 million U.K. Settlement—War Claims—transferred to war expenditure.

REQUIREMENTS FOR AND SOURCES OF CASH, FISCAL YEAR 1945-46—*Con.*

(Millions of Dollars)

SOURCES OF CASH			
Revenue—			
Ordinary Revenue—			
Customs duties, excise duties and excise taxes	$ 812·5		
Other indirect taxes	9·0		
Personal income tax	691·6		
Corporate income tax	217·8		
Excess profits tax	494·2		
Other direct taxes	49·8		
Total tax revenue	$ 2,274·9		
Post Office revenue	68·6		
Return on investments	70·9		
Other ordinary revenue	21·1		
Gross ordinary revenue	$ 2,435·5		
Less estimated refundable portion of income and excess profits tax	−72·5		
		$ 2,363·0	
Capital refunds		0·4	
Special receipts and credits in cash (8)(9)		569·4	
Total revenue in cash			$ 2,932·8
Other receipts			141·1
Borrowing in Canada—			
New Issues of Funded Debt—			
Treasury Bills—net increase	$ 70·0		
General public	3,598·4		
Total new issues		$ 3,668·4	
Less maturities paid in cash		−761·2	
Add estimated refundable portion of personal income and excess profits tax—net		71·4	
Net increase in funded debt payable in Canada		$ 2,978·6	
Net increase in floating debt payable in Canada		9·6	
Cash—			
Less increase in cash balances held in domestic currency		−536·6	
Net cash deficiency			2,451·6
Grand total sources of cash (9)			$ 5,525·5

(8) Excludes entry recording increased value of C.N.R. Securities Trust Stock, adjustment *re* Crown plants and write-off of Seed Grain and Relief Loans.

(9) The over-all requirements and sources are considerably inflated because the greater proportion of special receipts included as a source of cash consists of credits to certain departments where expenditures initially charged to them and requiring cash at that time, later became charges to other departments. These credits do not constitute new sources of cash nor do the corresponding debits constitute new requirements for cash; but information is not presently available to offset them in this statement.

NATIONAL DEBT

59. It is estimated that the gross unmatured funded debt (including deposit certificates, treasury bills and the estimated refundable portion of personal income tax and excess profits tax) of the dominion outstanding at the close of the fiscal year 1945-46 will amount to $16,807,178,000. Other liabilities consisting chiefly of deposit and trust accounts, insurance, pension and guaranty accounts are estimated at $2,198,478,000. The gross liabilities of the dominion on March 31, 1946, therefore, are estimated at $19,005,656,000. On the other side of the balance sheet there are active assets estimated at a total of $5,971,591,000 consisting of cash loans and advances and investments less a reserve of $150,000,000 for possible losses on their ultimate realization. If the amount of net active assets is deducted from the amount of gross liabilities, there results a figure of $13,034,065,000 representing the estimated net debt of the dominion as at March 31, 1946. The increase in the net debt for the year is estimated at $1,735,703,000, or the amount of the over-all estimated deficit for the fiscal year 1945-46.

BALANCE SHEET

60. The following is a condensed estimated balance sheet of the dominion, together with details of non-active assets:

BALANCE SHEET—MARCH 31, 1946

(estimated)

(Thousands of Dollars)

Liabilities—			
Floating Debt—			
Matured Funded Debt Outstanding		$ 22,604	
Stock and other obligations payable on demand		169	
Interest due and outstanding		59,110	
Outstanding cheques and warrants		94,700	
Post Office Account		5,207	
			$ 181,790
Deposit and Trust Accounts—			
Post Office Savings Bank		35,537	
Bank Circulation Redemption Fund		1,689	
Indian Trust Funds		17,096	
Minister of Finance Special Accounts		1,167,973	
Miscellaneous		140,027	
			1,362,322
Insurance, Pension and Guaranty Accounts—			
Government Annuities		287,495	
Insurance Fund—Civil Service		19,014	
Insurance Fund—Returned Soldiers		23,355	
Unemployment Insurance Fund (cash portion only)		8,588	
War Damage Insurance Accounts		12,196	
Other Insurance and Guaranty Accounts		10,065	
			360,713
Civil Service Superannuation Account		85,444	
Civil Service Retirement Fund		10,307	
Other Pension Funds		1,532	
			97,283
Deferred Credits			25,349
Sundry Suspense Accounts			115,604
Province Debt Accounts			11,919
Reserves for contingent liabilities, crown companies			43,498
Funded Debt Unmatured—			
Payable in Canada—			
Bonds, Deposit Certificates and Treasury Bills		$ 16,101,597	
Refundable portion of personal income tax and excess profits tax (estimated)		515,737	
Payable in New York		178,000	
Payable in London		11,844	
			16,807,178
			$ 19,005,656
Assets—			
Cash—			
In Current Deposits		794,312	
In Special Deposits		2,673	
			$ 796,985
Departmental Working Capital Advances			9,260
Loans and Advances—			
To Canadian National Railways		699,528	
To Foreign Exchange Control Board		1,550,000	
To Sundry Government Agencies—			
Soldier Settlement of Canada	$ 52,732		
National Harbours Board	84,965		
Crown Companies	108,460		
Crown Plants Privately Managed	46,098		
		292,255	
To Provincial and Municipal Governments—			
Unemployment Relief Loans	156,080		
Province of Alberta—Subsidy overpayment	350		
Province of Saskatchewan—Seed Grain Loans Guarantees, 1938	11,949		
Municipal Improvements Assistance Act	5,312		
Other	212		
		173,903	

[Mr. Ilsley.]

BALANCE SHEET—MARCH 31, 1946—*Con.*

(estimated)

(Thousands of Dollars)

Assets—Concluded			
Loans and Advances—			
To United Kingdom and Other Governments—			
United Kingdom—War Appropriation (United Kingdom Financing) Act	$ 538,564		
Government of Greece	6,525		
Government of Roumania	24,329		
Government of the U.S.S.R.	7,500		
United Kingdom—British Commonwealth Air Training Plan—Settlement	425,000		
Other (U.K. and Other Governments)	241,820		
		$ 1,243,738	
Miscellaneous		19,533	
			$ 3,978,957
Investments—			
Bank of Canada Capital Stock		5,920	
Central Mortgage and Housing Corporation Capital Stock		25,000	
Canadian Farm Loan Board—			
Advances and Capital Stock		21,623	
Miscellaneous		162,169	
			214,712
Province Debt Accounts			2,296
Deferred Charges—Unamortized Discounts and Commissions on Loans			92,551
Sundry Suspense Accounts—			
Minister of Finance Special Custody Account		1,025,000	
Miscellaneous		1,830	
			1,026,830
			$ 6,121,591
Less—Reserve for possible losses on ultimate realization of active assets			150,000
			$ 5,971,591
Net Debt, March 31, 1946			13,034,065
			$ 19,005,656

NET DEBT—MARCH 31, 1946 (ESTIMATED)

(Thousands of Dollars)

Net Debt represented by—			
(A) Expenditures for Capital Purposes and Non-Active Assets—			
Public Works—			
Canals			$ 240,215
Railways			429,327
Miscellaneous			316,942
Military Property and Stores			12,617
Territorial Accounts			9,896
Canadian Pacific Railway (old)			62,791
Canadian National Railways Securities Trust Stock			381,712
Canadian National Railways Stock			18,000
Loans Non-Active—			
Canadian National Steamships			13,158
National Harbours Board—			
Chicoutimi		$ 3,838	
Churchill		10	
Halifax		12,503	
Montreal (Jacques Cartier Bridge)		6,398	
Quebec		27,766	
Saint John		17,056	
Three Rivers		3,981	
			71,552
Soldier and General Land Settlement			16,526
Seed Grain and Relief Advances			194
Saskatchewan Seed Grain Loans Guarantee Act, 1936			2,637
Seed Grain Loans Guarantee Act, 1937			7,136
Miscellaneous Non-Active Accounts			2,458
			1,585,161
(B) Consolidated Deficit Account—			
Balance, Consolidated Deficit Account brought forward from March 31, 1945		$ 9,740,575	
Excess of expenditure over revenue, less amounts charged under (A) above, fiscal year ended March 31, 1946		1,708,329	
			11,448,904
			$ 13,034,065

61. The following table gives the details of the various obligations included in the unmatured funded debt of the dominion outstanding as at March 31, 1946, and the annual interest charges thereon:

UNMATURED FUNDED DEBT AND TREASURY BILLS AS AT MARCH 31, 1946
AND ANNUAL INTEREST THEREON

Date of Maturity	Rate Per Cent	Where Payable	Amount of Loan	Annual Interest Charges
			$ c.	$ c.
1946, April 15	1	Canada	250,000,000 00	2,500,000 00
April 15	1⅜	Canada	100,000,000 00	1,375,000 00
May 1	1¾	Canada	144,253,000 00	2,524,427 50
July 1	4	Canada	33,293,470 85	1,331,738 83
Sept. 1	⅝	Canada	256,000,000 00	1,600,000 00
Nov. 1	1¾	Canada	197,455,000 00	3,455,462 50
Dec. 15	2	Canada	193,286,000 00	3,865,720 00
1947, May 1	1¾	Canada	373,259,000 00	6,532,032 50
Oct. 1	2½	London	103,084 94	2,577 12
1948, Jan. 15	2½	New York	30,000,000 00	750,000 00
Feb. 1	3¼	Canada	50,000,000 00	1,625,000 00
Mar. 1	2¼	Canada	269,879,000 00	6,072,277 50
Mar. 1	1¾	Canada	239,713,000 00	4,194,977 50
Nov. 1	1¾	Canada	344,267,000 00	6,024,672 50
1949, Feb. 1	3¼	Canada	50,000,000 00	1,625,000 00
June 1	3½	Canada	33,500,000 00	1,088,750 00
Nov. 1	1¾	Canada	267,800,000 00	4,686,500 00
1950, Feb. 1	3¼	Canada	50,000,000 00	1,625,000 00
Nov. 1	1¾	Canada	335,690,000 00	5,874,575 00
1951, Feb. 1	3¼	Canada	(1) 50,250,000 00	1,625,000 00
June 15	3	Canada	(2) 649,969,592 50	19,306,027 50
Nov. 15	3½	Canada	60,000,000 00	1,950,000 00
1952, Feb. 1	3¼	Canada	(3) 50,500,000 00	1,625,000 00
Oct. 1	3	Canada	324,945,700 00	9,748,371 00
Oct. 15	4	Canada	56,191,000 00	2,247,640 00
1954, Mar. 1	3	Canada	(4) 676,355,489 00	20,089,767 00
1955, May 1	3¼	London	4,836,418 74	157,183 61
June 1	3	Canada	40,000,000 00	1,200,000 00
June 1	3	Canada	55,000,000 00	1,650,000 00
1956, Nov. 1	4½	Canada	43,125,700 00	1,940,656 50
Nov. 1	3	Canada	(5) 855,607,410 50	25,414,081 50
1957, May 1	3	Canada	1,111,261,650 00	33,337,849 50
Nov. 1	4½	Canada	37,523,200 00	1,688,544 00
1958, June 1	3	Canada	88,200,000 00	2,646,000 00
1958, Sept. 1	4	London	3,260,844 50	130,433 78
Nov. 1	4½	Canada	276,687,600 00	12,450,942 00
1959, Jan. 1	3	Canada	1,197,324,750 00	35,919,742 50
Nov. 1	4½	Canada	289,693,300 00	13,036,198 50
1960, June 1	3	Canada	1,165,300,350 00	34,959,010 50
Oct. 1	4	New York	100,000,000 00	4,000,000 00
1961, Jan. 15	3¼	New York	48,000,000 00	1,560,000 00
1962, Feb. 1	3	Canada	1,315,639,200 00	39,469,176 00
1963, July 1	3½	London	3,643,482 41	118,413 18
Oct. 1	3	Canada	1,295,819,350 00	38,874,580 50
1966, June 1	3¼	Canada	54,703,000 00	1,777,847 50
Sept. 1	3	Canada	1,689,021,200 00	50,670,636 00
Perpetual	3	Canada	55,000,000 00	1,650,000 00
1946, April 12 Treasury Bills	·363	Canada	75,000,000 00	272,250 00
April 26 Treasury Bills	·364	Canada	75,000,000 00	273,000 00
May 10 Treasury Bills	·363	Canada	75,000,000 00	272,250 00
May 31 Treasury Bills	·363	Canada	75,000,000 00	272,250 00
June 14 Treasury Bills	·362	Canada	75,000,000 00	271,500 00
June 28 Treasury Bills	·371	Canada	75,000,000 00	278,250 00
April 2 Deposit Certificates	·75	Canada	95,000,000 00	712,500 00
April 9 Deposit Certificates	·75	Canada	95,000,000 00	712,500 00
April 16 Deposit Certificates	·75	Canada	95,000,000 00	712,500 00
April 23 Deposit Certificates	·75	Canada	95,000,000 00	712,500 00
Sept. 3 Deposit Certificates	·625	Canada	75,000,000 00	468,750 00

(1) Redeemable at 100½ per cent. Amount outstanding includes $ 250,000.00 redemption bonus.
(2) Redeemable at 101 per cent. Amount outstanding includes $6,435,342.50 redemption bonus.
(3) Redeemable at 101 per cent. Amount outstanding includes $ 500,000.00 redemption bonus.
(4) Redeemable at 101 per cent. Amount outstanding includes $6,696,589.00 redemption bonus.
(5) Redeemable at 101 per cent. Amount outstanding includes $8,471,360.50 redemption bonus.

[Mr. Ilsley.]

UNMATURED FUNDED DEBT AND TREASURY BILLS AS AT MARCH 31, 1946, AND ANNUAL INTEREST THEREON—*Concluded*

Date of Maturity	Rate Per Cent	Where Payable	Amount of Loan	Annual Interest Charges
			$ c.	$ c.
1946, Sept. 10 Deposit Certificates	·625	Canada	95,000,000 00	593,750 00
Sept. 17 Deposit Certificates	·625	Canada	95,000,000 00	593,750 00
Sept. 24 Deposit Certificates	·625	Canada	95,000,000 00	593,750 00
1947, June 15 Non-interest Bearing Certificates		Canada	5,631,472 81	.....
1950, June 15 Non-interest Bearing Certificates		Canada	387,017 94	.....
War Savings Certificates	3	Canada	273,760,075 80	8,212,802 27
War Savings Stamps		Canada	5,304,573 50	.....
			16,291,440,933 49	430,949,114 29
Refundable portion of personal income tax and excess profits tax (estimated)	2 (6)	Canada	515,736,835 92	(6) 5,274,812 38
			16,807,177,769 41	436,223,926 67
Payable in Canada			16,617,333,938 82	98·87%
Payable in New York			178,000,000 00	1·06%
Payable in London			11,843,830 59	0·07%
			16,807,177,769 41	100·00%

(6) Interest on refundable portion of personal income tax only.

INDIRECT LIABILITIES

62. Bonds and debenture stocks bearing the guarantee of the dominion and outstanding in the hands of the public, totalled $541,000,000 at March 31, 1946, a decrease of $65,665,000 from the amount outstanding at the close of the preceding fiscal year. This decrease is occasioned mainly by the redemption of two Canadian National Railway bond issues one of which in the amount of $50,500,000 was to come due December 15, 1950, but was called for prior payment on December 15, 1945, and the other, in the amount of $15,000,000, came due on January 15, 1946, and was paid off. The funds required to meet these maturities were loaned to the company by the government.

63. There were also outstanding at the close of the fiscal year, other contingent liabilities authorized by various statutes.

64. Pursuant to the terms of an order in council dated August 11, 1943, the Commodity Prices Stabilization Corporation, a government-owned corporation, guaranteed certain advances, obtained by any person engaged in the production of logs or lumber, from a chartered bank. The liability of the corporation is limited to twenty-five per cent of the aggregate advances made by each bank. The contingent liability of the corporation at March 31, 1946, was $1,515.

65. Under the terms of an order in council dated April 17, 1945, the Commodity Prices Stabilization Corporation was authorized to guarantee certain advances and interest thereon obtained by any person from a chartered bank in order to purchase coal, coke or briquettes in the summer of 1945. The liability of the corporation is limited to ten per cent of the aggregate amount of advances made by each bank, but the maximum amount of guarantee is $500,000. The contingent liability of the corporation at March 31, 1946 was $32,032.

66. Under the terms of an order in council dated May 4, 1943, the government guaranteed bank overdrafts obtained by certain crown companies and management-fee companies doing business under the Department of Munitions and Supply. Prior to the establishment of this system of financing, funds advanced by the government to the contractors remained idle for considerable periods. The amounts of the various overdrafts are repaid monthly, so no liability is outstanding at the close of the fiscal year in connection with this guarantee. The maximum amount of guarantees authorized at March 31, 1946, was $23,590,000.

67. Before operations under the Home Improvement Loans Guarantee Act were discontinued (October 30, 1940) 125,720 loans had

been made by banks and other approved loaning institutions to home owners under the terms of this act and the total amount of such loans was $49,959,055. The dominion's contingent liability arising out of these loans is limited to 15 per cent of the aggregate of such loans made by approved lending institutions, but as the balance of these loans on March 31, 1946, was $98,667, the contingent liability of the government is limited to this amount. Up to March 31, 1946, 1,268 loss claims for an aggregate amount of $462,873 had been paid. In terms of total losses to total volume of loans, this loss ratio is only 0·93 of one per cent.

68. Under the provisions of the Appropriation Act No. 5, 1942, the home extension plan was started. It provided for loans not exceeding in the aggregate $2,000,000 by banks under regulations similar to those of the Home Improvement Loans Guarantee Act for the purpose of financing the creation of additional self-contained housing units by alterations or additions to a building used solely or partially as a dwelling at the time application is made for the loan. To March 31, 1946, 59 loans for a total amount of $109,238 had been made. The dominion's contingent liability arising out of these loans amounted to 15 per cent of the aggregate of such loans made by the banks or $16,309. There have been no claims for loss made by the banks.

69. Under the Dominion Housing Act, 1935, the National Housing Act, 1938, and the National Housing Act, 1944, the dominion has accepted and is accepting certain obligations arising out of its contracts with approved lending institutions which, while not expressed in the form of a guarantee, may nevertheless be regarded as contingent or indirect liabilities. On January 1, 1946, the Central Mortgage and Housing Corporation Act, 1945, was proclaimed and since that date the corporation has been acting as the agent of the Minister of Finance in connection with loans under these acts.

The manner in which losses in respect of any loan are to be shared by the dominion and the lending institution was fixed by the contract. The general principle under the Dominion Housing Act and the National Housing Act, 1938, was that the dominion bears two-thirds of the loss, if at the time the loss is sustained the principal amount of the loan repaid, less any other amount due, is equal to or less than the amount advanced by the dominion and one-third of the loss if at the time the loss is sustained the principal amount repaid, less any other amounts due, is more than the amount advanced by the dominion. In the case of small loans (that is, loans not in excess of $4,000 in the case of single family dwellings or not in excess of $700 per habitable room in the case of multiple family dwellings), the share of the loss to be borne by the dominion is not more than 80 per cent and not less than 50 per cent of the loss. Under the National Housing Act, 1938, a new provision was added to encourage the making of small loans in such small or remote communities and in such districts or other communities as may be designated by the Minister of Finance in any contract. In respect of such loans, the dominion has agreed in contracts with certain lending institutions to pay losses sustained by any such lending institution up to certain amounts determined by the contract which are not less than 7 per cent and do not exceed 25 per cent of the total amount of such loans made in such areas by each such lending institution. Under the National Housing Act, 1944, the dominion bears the first one-quarter of the loss and agrees to pay losses sustained by any lending institution up to fifteen per centum of the total amount of loans made in any area by each such lending institution.

Loans to the number of 27,368 covering 32,612 dwelling units have been approved as at March 31, 1946, under the Dominion Housing Act, 1935, the National Housing Act, 1938, and the National Housing Act, 1944, the total amount of such loans being $113,617,150. Losses recorded and paid to March 31, 1946, amounted to $2,644.78 covering the dominion's proportion of the loss on seven loans. This amount represents total losses to that date under both the Dominion Housing Act, 1935, and Part I of the National Housing Act, 1938. These losses are offset in part by a profit of $497.74 realized by the sale of eleven properties. The net loss to March 31, 1946, is therefore only $2,147.04. There have been no losses under the National Housing Act, 1944.

70. Under the terms of two orders in council passed under the Export Credits Insurance Act, the dominion government guaranteed the payment to certain contractors for goods sold to V. O. Machinoimport, an agency of the government of the U.S.S.R. The maximum amount authorized was $236,000. Payment having been made for these goods prior to March 31, 1946, there was no liability to the government.

71. Under the provisions of the Farm Improvement Loans Act, 1944, the government guarantees loans made by chartered banks to farmers for authorized purposes. The amount of the guarantee is limited to 10 per cent of the aggregate principal amount of the guaranteed farm loans made by each bank. At March 31, 1946, 6,156 loans had been made by the chartered banks in the amount of $4,726,153.

The contingent liability of the government at that date was $472,615.

72. Order in council dated May 22, 1945, P.C. 3636, passed pursuant to the War Measures Act, authorized the guarantee of bank loans to merchants or business men in Halifax and Yarmouth whose places of business were damaged or looted in the disturbances on May 7 and 8, 1945, in order to enable them to make essential repairs and replacements of premises and fixtures and to purchase stock-in-trade. Sixteen loans totalling $68,000 were made under this authority, all of which had been repaid by March 31, 1946.

73. The following is a statement of bonds, debenture stocks and other indebtedness guaranteed by the dominion outstanding on March 31, 1946:

BONDS AND DEBENTURE STOCKS GUARANTEED BY THE DOMINION GOVERNMENT AS AT MARCH 31, 1946

Date of Maturity	Issue	Interest Rate	Amount Outstanding
		%	$
July 1, 1946	Canadian Northern	6½	22,752,000
April 1, 1948	New Westminster Harbour Commissioners	4¾	700,000
Sept. 1, 1951	Canadian National	4½	48,022,000
Feb. 1, 1952	Canadian National	3	20,000,000
Aug. 1, 1952	Saint John Harbour Commissioners	5	667,953
Feb. 15, 1953	Canadian National	3	25,000,000
July 10, 1953	Canadian Northern	3	1,162,768
Feb. 1, 1954	Canadian National	5	50,000,000
Mar. 1, 1955	Canadian National (West Indies) Steamships Limited	5	9,400,000
June 15, 1955	Canadian National	4¾	48,496,000
Feb. 1, 1956	Canadian National	4½	67,368,000
July 1, 1957	Canadian National	4½	64,136,000
July 20, 1958	Canadian Northern	3½	5,636,508
Jan. 15, 1959	Canadian National	3	35,000,000
May 4, 1960	Canadian Northern Alberta	3½	551,505
May 19, 1961	Canadian Northern Ontario	3½	3,610,074
Jan. 1, 1962	Grand Trunk Pacific	3	26,465,130
Jan. 1, 1962	Grand Trunk Pacific	4	7,999,074
Oct. 1, 1969	Canadian National	5	57,728,500
Nov. 1, 1969	Harbour Commissioners of Montreal	5	19,000,000
Feb. 1. 1970	Canadian National	5	17,338,000
Various dates 1946-54	City of Saint John Debentures assumed by Saint John Harbour Commissioners	Various	590,229
Perpetual	Grand Trunk Debenture Stock	5	1,475,442
"	Great Western Debenture Stock	5	861,059
"	Grand Trunk Debenture Stock	4	6,012,042
"	Northern Railway of Canada Debenture Stock	4	27,458
			540,999,742

OTHER GUARANTEES OR CONTINGENT LIABILITIES

	Principal Amount Outstanding March 31, 1946
Bank advances, *re* province of Manitoba savings office	$ 4,968,078
Province of Manitoba treasury bill	3,500,000
Loans made by approved lending institutions under dominion and national housing acts	Indeterminate
Loans made by approved lending institutions under The Home Improvement Loans Guarantee Act, 1935	98,667
Loans made by approved lending institutions under the Home Extension Plan	16,309
Deposits maintained by the chartered banks in the Bank of Canada	518,135,599
Bank advances, *re* government war contracts—Department of Reconstruction and Supply	8,700
Bank overdrafts—government war contracts—Department of Reconstruction and Supply (closed out monthly)	—
Bank advances, *re* production of logs or lumber—Commodity Prices Stabilization Corporation	1,515
Bank advances, *re* coal, coke or briquette purchases—Commodity Prices Stabilization Corporation	32,032
Guarantee under dominion-provincial taxation agreements of provincial receipts from gasoline taxes at amounts received in fiscal years ending nearest December 31, 1940	Indeterminate
Guarantee under dominion-provincial agreements of provincial liquor revenues at amounts received during the twelve months ended June 30, 1942	Indeterminate
Guarantees under Part II, Export Credits Insurance Act	Indeterminate
Loans made by chartered banks uner the Farm Improvement Loans Act, 1944	472,615

(B.) CANADIAN ECONOMIC CONDITIONS

ANNUAL FIGURES

—	Calendar Years						
	1926	1928	1932	1937	1939	1943	1945
Group I.—Comprehensive Indexes (1935-39=100)							
Physical volume of business	87	103	69	107	107	236	213
Volume of manufacturing	89	100	66	109	105	294	249
Mining	55	65	59	104	118	242	157
Forestry	84	87	57	117	103	123	127
Carloadings	131	148	88	106	102	139	145
Electric power output	46	61	61	106	108	154	153
Employment (a)	100	112	88	114	114	184	175
National income (b)	110	129	69	107	103	222	236
Retail sales	(f)	(f)	92	105	105	161	187
Group II.—Price Levels and Financial Factors (1926=100)							
Wholesale prices	100	96	67	85	75	100	103
Farm product prices	100	101	48	87	64	96	105
Cost of living (c)	122	121	99	101	102	118	120
Common stock prices (c)	92	147	51	117	92	84	100
Bank deposits	100	115	100	120	132	199	270
Active currency circulation	100	105	81	103	111	353	488
Group III.—Gross Value of Production in Major Industries ($ millions)							
Agriculture	1,191	1,239	487	731	900	1,524	(d)1,702
Forestry	556	586	267	494	466	810	(d) 944
Fisheries	73	71	34	51	53	119	(d) 155
Mining (including Smelting)	277	313	234	663	663	974	(d) 856
Construction	424	571	267	390	373	572	(d) 458
Manufacturing	3,101	3,582	1,980	3,625	3,475	8,733	(d)8,266
Group IV.—Foreign Trade and International Transactions ($ millions)							
Exports (gold excluded)	1,277	1,364	498	1,012	936	2,971	3,218
Net non-monetary gold exports (e)	30	40	70	145	184	142	96
Total exports, including non-monetary gold	1,307	1,404	568	1,157	1,120	3,113	3,314
Imports (gold excluded)	1,008	1,222	453	809	751	1,735	1,586
Total trade	2,315	2,626	1,021	1,966	1,871	4,848	4,900
Export balance	+299	+182	+115	+348	+369	+1,378	+1,728
Net tourist receipts	53	79	65	79	68	52	(f)
Net interest and dividends going abroad	201	221	262	226	249	202	(f)

(a) 1926=100.
(b) Indexes from 1939 are based on a new series and are not strictly comparable with those of earlier years.
(c) 1935-39=100.
(d) Estimated.
(e) Adjusted for changes in stocks of earmarked gold. These figures were computed by the Bank of Canada on the basis of official trade returns.
(f) Not available.

CANADIAN ECONOMIC CONDITIONS

MONTHLY FIGURES

		Jan.	Feb.	Mar.	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
Group I.—Comprehensive Indexes (a) (1935-39=100)													
Physical volume of business	1944	247	242	248	240	242	239	232	233	231	228	228	233
	1945	229	217	225	232	219	220	214	213	205	195	190	194
	1946	195	181	191	193								
Volume of manufacturing	1944	304	305	301	291	297	292	288	292	285	286	285	284
	1945	274	270	271	271	256	253	249	248	244	232	211	206
	1946	203	198	191	190								
Mining	1944	250	256	263	248	239	226	225	215	206	209	192	189
	1945	174	148	174	183	189	175	161	156	150	133	131	114
	1946	120	98	144	142								
Forestry	1944	114	125	125	115	119	121	113	122	116	129	125	126
	1945	117	127	138	119	124	125	125	125	124	133	135	135
	1946	138	151	147	144								
Carloadings	1944	155	158	157	145	157	153	147	143	126	125	141	143
	1945	152	148	149	149	154	156	151	142	119	129	138	143
	1946	156	147	150	144								
Electric power output	1944	156	154	155	153	165	160	155	153	152	152	149	145
	1945	152	150	154	166	165	164	161	155	146	145	140	142
	1946	152	153	156	164								
Employment (b)	1944	193	190	189	191	185	181	180	179	178	174	176	181
	1945	187	186	186	187	182	175	172	170	166	161	164	169
	1946	174	174	174									
Retail sales (c)	1944	140	139	163	175	178	178	155	161	179	183	191	237
	1945	143	147	194	175	182	196	171	178	187	204	213	256
	1946	167	167	210	212								
Group II.—Price Level and Financial Factors— (1926=100)													
Wholesale prices	1944	103	103	103	103	103	103	103	102	102	102	102	103
	1945	103	103	103	103	103	103	104	103	103	103	103	103
	1946	104	105	106	108								
Farm product prices	1944	104	104	105	104	102	102	102	101	101	103	103	103
	1945	104	105	105	105	105	106	108	106	104	106	106	106
	1946	107	107	107	108								

CANADIAN ECONOMIC CONDITIONS

MONTHLY FIGURES

—		Jan.	Feb.	Mar.	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
Cost of living (d)	1944	119	119	119	119	119	119	119	119	119	119	119	119
	1945	119	119	119	119	119	120	120	121	120	120	120	120
	1946	120	120	120	121								
Common stock prices (d)	1944	82	82	82	79	80	84	88	87	85	86	86	87
	1945	89	93	93	94	97	103	101	100	102	104	107	113
	1946	124	122	119	125								
Bank deposits (e)	1944	215	211	213	222	237	238	239	235	233	243	259	260
	1945	257	253	251	255	273	281	268	264	264	273	300	299
	1946	297	293	294	295								
Active currency circulation (e)	1944	391	399	411	419	413	415	427	437	445	458	457	467
	1945	461	467	477	482	477	479	486	495	504	512	505	507
	1946	493	495	502	505								
Group III.—Other Significant Factors													
Exports (f) ($ millions)	1944	242	227	283	283	368	343	279	257	265	314	313	267
	1945	230	236	301	312	315	323	283	295	221	228	239	235
	1946	189	153	178	178								
Imports (f) ($ millions)	1944	126	138	151	137	159	152	148	157	160	160	142	127
	1945	130	112	132	133	144	146	139	128	122	134	142	121
	1946	140	117	140	161								
Net non-monetary gold exports (g) ($ millions)	1944	9	8	13	9	9	17	7	10	9	8	10	6
	1945	9	8	10	7	10	5	8	9	7	8	10	6
	1946	9	10	10	7								
Construction contracts awarded ($ millions)	1944	9	16	31	28	32	37	32	24	25	26	19	13
	1945	12	13	20	34	38	59	51	41	42	29	45	26
	1946	27	33	58	76	82							

(a) Indexes seasonally adjusted unless otherwise indicated.
(b) As at first of month. 1926=100.
(c) Unadjusted.
(d) 1935-39=100.
(e) Based on daily average figures; index unadjusted.
(f) All gold excluded; includes exports of foreign produce.
(g) Adjusted for changes in stocks of earmarked gold. These figures were computed by the Bank of Canada on the basis of official trade returns.

Mr. J. M. MACDONNELL (Muskoka-Ontario): Mr. Speaker, in rising to move the adjournment of the debate, I shall begin by making a remark which I am sure will carry the approval of everybody in this house; I shall be brief. I should like to begin by congratulating the Minister of Finance (Mr. Ilsley) on the comprehensive statement he has made. First, we should all congratulate him upon his capacity as a long-distance reader. It is certain that this monumental document, whether for better of for worse, will be remembered for a long time. I do not know whether it is the quality of the minister or whether it is the qualities of the taxpayers; but it is a remarkable thing that, to use a vulgar phrase, when the minister takes our shirt he still manages to retain our good will. It is even worse than that, because he does not enable us to buy another one. As far as I can discover, all the king's horses and all the king's men of the wartime prices and trade board will hardly enable us to do that at the moment.

The minister takes credit, and I am not surprised that he does, because he has an estimated deficit of only $300 million. Three hundred million is a lot less than $1,700 million; there is no doubt about that. However, I think the people who are disappointed that they have not had a greater tax reduction will wish that somehow or another that deficit might have been brought down a little by one method to which I should like to refer for a few minutes, the method of economy.

I know that economy is a dull word. We only like it for other people; we like it for our wives and our children, but we do not like it for ourselves, and governments do not like it either. Speaking last December in this house, the minister spoke about economy in a way which I think carried the conviction of everyone who heard him. Nevertheless it is a remarkable fact that this document which we have heard read speaks of borrowing, taxing and expenditures, but I did not hear the word "economy" mentioned. It may have been there, and I will not say it is not, but I do say that there was virtually nothing said about economy.

I would remind the minister of what he said last December. To use almost his own words, he said, "I feel when I am trying to keep down expenditures that I have the whole world against me." I sympathized with the minister when he said that. I noticed that when Sir John Anderson was speaking on the British budget the other day he said that one of the great duties, perhaps the greatest duty, of a minister of finance was to keep down the spending departments. Therefore I am going to say one word about economy because I think the people of this country are going to be disappointed in this tax reduction. They are going to be disappointed in finding out how little of their own money the Minister of Finance will allow them to keep. They are likely going to say to themselves, "If we could only have had a little economy, perhaps we could have had a little of our own money back."

I wish to refer to two things which took place in this house, the first being the reference by the hon. member for St. Paul's (Mr. Ross) to the civil service. He pointed out that in the year after the war, apparently with government activities petering out to some extent, the number of civil servants had gone down from a total of 150,000 by how much? Nine hundred is the figure. I will not say that the minister was not serious about economy—I think he was—but I think if he had tackled the matter of economy in the way it should have been tackled, that is by rationing the spending departments, we would have had a somewhat different situation.

Let me mention a thing that took place in this house the other day when for once we found ourselves in agreement with the hon. gentlemen to our left. We had before us an estimate of $300,000. I know that amounts like $300,000 have become so small that it is difficult for people to think about them. What was the result? We found that, in spite of all the Minister of Finance could do—and I am sure he does all he can—that item of $300,000 wangled its way into the estimates. On inquiry it turned out that last year some $6,000 had been spent. It is only fair to say that this item is for new purposes. Further inquiries showed that in the first two or three months of this year some $5,000 had been spent out of the $300,000 which had been put in. I think it is fair to assume and for the people of Canada to conclude that when $300,000 can find its way into the estimates in that light-hearted fashion, other items of $300,000 might be treated in the same way.

I want to say a word about tax administration. If I remember aright—and the minister will correct me if I am wrong—last autumn he gave a firm assurance that he was going to take full cognizance this year, not merely of taxing statutes, which he has dealt with at some length to-night, but with the method of taxation. If I understood this document which he has presented to the house to-night—and I do not pretend to have taken it all in—there is no indication in it, apart from this appeal board, of any comprehensive effort to reorganize the whole method of taxation and collection. When I ventured to say something on

that last autumn it received general approval even from newspapers supporting the government, and I believe it is something that is deep down in the feelings of the people of this country. I should like to read a short extract on that from a letter I got to-day:

> It is my firm opinion, and I think you will find it shared by the vast majority of those who are close to the picture, that the administrative machinery is bogged down in a mass of obsolete and unbusinesslike rulings and methods, and that efficiency and equity will be achieved only by a major reorganization of the whole set-up.

As I understood the minister to-night, he did not suggest a complete reorganization of the whole machinery of tax collection, and it is collection that I am talking about. Again, if I am correct, he indicated last autumn that that was to be done, and I beg him to see that it is done as soon as it can be done. Let me give a small illustration that came to my attention to-day. I had a letter from a man in western Ontario. He was acting for a man in the fishing business, who had just got his assessment for 1943, $5,500. He thought it was going to put him out of business. He had not the money to pay it, and he thought he would have to close down his business—that was his assessment for 1943—1943, 1944, 1945, 1946—three years ago. I know the difficulties in war time, but I put this to the minister, that this illustration shows that the thing he undertook to do last autumn is long overdue and I hope that it will be done as quickly as it can be done.

I want to say a word about what the minister had to say about the dominion-provincial conference and the offer that has been made to the provinces. I do not propose to attempt to assess the offer; I cannot take in figures as quickly as that. I am not going to speak of the merits of the offer. I hope the offer is so good that it will be accepted by everybody, because I agree with the minister on the importance of trying to find out how to work together. I think it was the premier of Saskatchewan who, during the dominion-provincial conference, used words that I wish I could remember, but they were to this effect: We have been fighting together against outside foes, and it is a pity that we now have to begin fighting with each other. For that reason I hope that this offer can be accepted.

I should like, however, to say a word about the method that is now being used, because it seems to me here to-night that we have seen the big stick used, and a very, very big stick. I venture to ask the minister and the Prime Minister (Mr. Mackenzie King) whether that is the way to get agreement. I want to direct the attention of the house to one or two things that happened at the conference. The conference was perhaps a little late in being called together, for reasons which some of us may irreverently think had to do with the welfare of the party across the way rather than with the welfare of Canada. But I pass that over. The conference met last summer, and then met again and again, and progress was made. Then we had that five-day meeting. Then it came to the last day, and it is that I want to speak about.

On that last day and in the very last half hour the premier of Saskatchewan, again in a temperate and reasoned speech, urged that a further attempt be made to get together. The premier of Nova Scotia almost pathetically—I do not think that is too strong a word—urged that there be an adjournment to a fixed date. The premier of Ontario said, as he had said before, that it was not "take it or leave it." The premier of British Columbia, if I remember aright, indicated the hope that there might be a further meeting. Then the Minister of Finance put thumbs down on it. He moved the adjournment of the meeting *sine die,* or, in other words, indefinitely, and said that the government would decide. I remember reading that at the time, and I did not understand it then as well as I do now. I thought it surprising that he did not say there would be another meeting. He said that the government would decide as to the future procedure.

The Prime Minister was there all that time. Whether we go along with the Prime Minister or whether we do not, whether we have liked all the compromises he has arranged or whether we have not I think any man would say that the Prime Minister has shown great gifts for getting people together. We may not always have liked what he got them together for. But he has had that great gift. What did the Prime Minister do on that last afternoon? I will tell you what he did. I will read the words he used. Since the early part of the afternoon he had sat there as chairman, which was all very right and proper, and then in the last half hour of the day this situation arose. There were nine provincial premiers there and all wanted the conference to succeed. There is evidence of that. Some of them had made great concessions that it should succeed. Others were in urgent need of help. They all wanted it to succeed. Nobody need doubt that. But let me read the Prime Minister's contribution. After the finance minister had moved that the conference adjourn, the Prime Minister said:

> Gentlemen, it has been moved that the conference adjourn *sine die.* All those in favour of the motion will please say "aye."
>
> Some hon. Gentlemen: Aye.

The Chairman: Those opposed please say "nay."

(No replies)

The Chairman: I declare the motion carried unanimously.

I am rather young and innocent in political matters and I could not understand that day why the Prime Minister did that. But it is clear now to anyone who is *compos mentis*. I did not understand then what the Prime Minister wanted, but anyone who was in that room could not have doubted that the Prime Minister did not want that conference to succeed at that time. That is the only conclusion I could come to.

Some hon. MEMBERS: Oh, oh.

Mr. MACDONNELL (Muskoka-Ontario): I am only saying that is the conclusion I came to, and I believe that is the only conclusion that anyone in that room could come to. And I did not understand it.

Mr. MACKENZIE KING: May I ask my hon. friend if he was aware that the premier of one province had already left and said that he would not return?

Mr. MACDONNELL (Muskoka-Ontario): I was in the room.

An hon. MEMBER: You did not mention that.

Mr. MACDONNELL (Muskoka-Ontario): And I did not mention that I was born either. I was there watching what was going on, and I am giving my impression. I was perplexed; I could not understand it. But I am not perplexed to-night because it has been made perfectly clear. Let me put it in this way. What would have been the natural thing to happen after that conference broke up? I submit that the natural thing would have been a discussion among the parties. I submit that this unilateral way of dealing with the provinces which has been proposed to-night is not the natural way; it is not the way that friends have of dealing with each other. Let me say this. The Prime Minister, if he had tried then to get those men together—

Mr. ILSLEY: We tried nine months to get them together.

Mr. ROWE: You postponed it.

Mr. MACDONNELL (Muskoka-Ontario): I want now to say something to the Minister of Finance. I have a weakness for the Minister of Finance which I have to struggle against. But I think the minister was not at his best to-night when, after rather scolding the provinces for well over half an hour, he said that there is nothing to be gained by post mortems or recriminations. I thought that was disappointing. I believe the wrong way has been taken; the big stick has been used. I still hope that this offer may be so good that it may be acceptable. But I felt as I read it and listened to the minister that the provinces were being asked to toe the mark and sign on the dotted line. It seemed to me that it contained a great many stiff stipulations, and that it went quite a long way to justify the suspicions of those who felt that the conference was to some extent a struggle for power and not a struggle for money.

Mr. ROWE: Centralization.

Mr. MACDONNELL (Muskoka-Ontario): However that may be, I wish to say in conclusion that in spite of that I hope this may succeed. But those who are presenting it have taken an unnatural course. Not having followed up that conference, as was desired by several of the people who attended it, they have now come here and wielded what I call the big stick. If this does not succeed, it seems to me that they have taken a very heavy responsibility on their shoulders. I move the adjournment of the debate.

Mr. MACKENZIE KING: Before my hon. friend concludes, may I ask him just one question? I was presiding as chairman of the meeting at the time, and I gave the decision—and I conceived it to be correct—that the adjournment *sine die* was carried unanimously. Was there any exception taken by anyone to that statement? It was made publicly, and all present agreed that I gave the only decision which could be possibly made.

Mr. MACDONNELL (Muskoka-Ontario): I did not question the Prime Minister's decision. All I said was that a man of the Prime Minister's gifts might then and there have tried to do what several of the premiers asked to have done, that is, to try to rescue the conference. To me it seemed like a man sinking below the waves and another man refusing to put out his hand to pull him out.

Motion agreed to and debate adjourned.

SUPPLY

The house again in committee of supply, Mr. Macdonald (Brantford City) in the chair.

DEPARTMENT OF JUSTICE

Penitentiaries branch—

106. Branch administration, $133,499.

Mr. BLACKMORE: I should like to say a word or two about production in the penitentiaries. I believe it is fitting that the men who are taking care of this work should be remembered for the kind of work they are

doing. I was surprised to find how much war effort our penitentiaries made. I find in the report of the superintendent of penitentiaries, at page 21, these remarks, relating to St. Vincent de Paul penitentiary:

He has administered in a very satisfactory manner, keeping the machinery in good working condition, having in mind the production end and the training of convicts. The total production for the year amounts to $117,113.76, which is an increase of over $21,000 when compared with the previous year. There is a large increase, ($11,000), in the canvas working department, and over $9,000 in the tailor shop. Customers' work amounts to $84,654.65, and institution, $32,207.76. The blacksmiths', carpenters', shoe shop, shop M (camouflage nets) have been kept very busy with war contracts.

As I was saying before we discontinued our discussion at the dinner recess, the minister ought to have credit given him for the good things which are being done under his administration. I like to give a person credit where credit is due. It is one thing to criticize all the time and find fault. I am not so sure that that method always obtains the best results. I should like to commend the minister for this work which was done in the penitentiaries.

I notice in connection with Dorchester penitentiary, as recorded on page 22, that the following articles were manufactured for the armed services—which matter completely surprised me: twenty map cases, 2,000 paint kettles, 4,858 white cotton sheets, 8,000 soap bags, 46 filing cabinets, 2,000 pairs felt mitts. There were repaired: 813 ammunition boxes, 200 army jackets, 175 pairs army pants, 1,451 pieces R.C.A.F. furniture, 234 bed springs repaired, 4,169 pairs army shoes. Then, articles manufactured, repaired, et cetera, for other government departments, including penitentiaries branch: St. Vincent de Paul penitentiary, 2,691 pairs army pants dyed, 1,000 army blouses dyed. Department of Mines and Resources, 75 army blouses dyed, 75 pairs army pants dyed, 51 army greatcoats dyed, 2,331 pairs army shoes repaired. Post Office Department: 15,260 mail bags made, 41,294 mail bags repaired.

I would suggest to hon. members who may be interested in the matter and may wish to pursue this study somewhat further that they might read about the production in the Manitoba penitentiary, on page 27; in the British Columbia penitentiary, on page 29; in the Saskatchewan penitentiary, on page 30; in the Collins Bay penitentiary, on page 33. Then, if the committee will allow me, I will read on page 40 a statement which I think it is well to have on the record, after the war:

The 1,106 convicts employed in manufacturing produced articles valued at $429,650.26, an unprecedented figure. The production of the 1,041 convicts employed in building trades and productive service divisions, including farms, steam plants and bakeries, amounted to approximately $559,865.94.

What I am wondering about is the matter I raised just before the dinner recess. I wonder how the minister will manage to dispose of such production as this, now that there is no longer a war. The minister is engaged in conversation with the hon. member for Muskoka-Ontario. I am sure the latter gentleman is an engaging conversationalist, but—

Mr. LENNARD: Can the hon. member speak louder? We cannot hear him.

Mr. BLACKMORE: I could have spoken louder, but, judging from the noise that hon. members were making, it would ultimately have been to blow the roof off this house.

An hon. MEMBER: We cannot hear you now.

Mr. BLACKMORE: Can you not hear me?

An hon. MEMBER: Now, but not a moment ago.

Mr. BLACKMORE: I can easily make you hear. There is no difficulty about that, but sometimes I am accused of speaking too loudly. The question was this. Here is a remarkable production for the penitentiaries of the country. I do not wish to read again the passage that I quoted, but since hon. members did not hear me it might be a good thing for me to read it once more.

An hon. MEMBER: Dispense.

Mr. BLACKMORE: I know that some hon. members are weary after listening to the discussion, but this is a matter which in my judgment should have some attention, and I should like to remind some of those who glibly talk about dispensing that I have not used more of the time of the house than I am entitled to. The matter is worthy of attention. The men in charge of these prisons, who have brought about such production, ought to be given credit in this house, for one thing; and besides that, the question of what we shall do to dispose of such production, now that the war is over, is something that is of interest to all hon. members, or ought to be. I will read the passage again:

The 1,106 convicts employed in manufacturing produced articles valued at $429,650.26, an unprecedented figure. The production of the 1,041 convicts employed in building trades and productive service divisions, including the farms, steel plants and bakeries, amounted to approximately $559,865.94.

To me that is a most commendable achievement in the war effort, but it is a challenge when we ask ourselves what will be done with

that production, now that the war is over. The minister, in answering the question before the dinner recess, said that he believed all the production of the penitentiaries could be used by the various departments of government. Does the minister believe that all this amount can be used by the departments of government?

Right Hon. L. S. ST. LAURENT (Minister of Justice): I am convinced that a production of commodities of even greater value than those listed on pages 40 and 41 of the report can be absorbed by the requirements of other departments of government. There may have to be some change in the quantity and kind of things produced, but I do not think we have yet reached the maximum of production that will be possible and practical in the penitentiaries. There may have to be some features of encouragement introduced, but I do not think we have yet reached the point where we are getting interested, active work from all those who would be capable of performing such work, and I believe that for themselves it will be a very good thing to bring about that situation. I believe in the value of the feeling that one is doing something worth while as an element of rehabilitation, and as we develop that we can increase the productivity of the shops we have in these penitentiaries. That is only one of the things to which the commissioner of penitentiaries will give attention. We have been employing those who have been giving training in vocational schools to give training to our foremen of shops in the penitentiaries. We have recourse to the Department of Agriculture to advise us on the development of agricultural possibilities on the penitentiary farms, and I am not concerned about that so much from the point of view of dollars and cents represented by the production, as I am about what the production means in its value to the men themselves when they become interested in doing something that is worth while.

Mr. BLACKMORE: And becoming skilled.

Mr. ST. LAURENT: I am interested to see them develop their skill and their confidence in their own ability to produce things that are worth while and thus to be useful members of a productive community. I think that is one feature that has been receiving attention and should receive further attention. I receive a large number of requisitions for machinery and implements to improve these factories. Sometimes I hesitate over the cost and compare it with the amounts provided in the estimates, but I get explanations from the engineer and from the purchasing agent, and every time they have convinced me that they were going to make it more probable that the particular shop would turn out things well done. In those cases I have felt it was my duty to approve the requisitions. That is only one aspect of the problem we have to deal with.

This problem of handling the seven penitentiaries is a full-time job and no Minister of Justice can do it himself. He cannot devote enough of his time to it to do personally all that has to be done, and when I asked parliament to authorize the selection of one commissioner it was to try to get someone who would go about and investigate and then advise in a practical way regarding the things that would be helpful in creating an atmosphere where men would be interested in developing their skill and proving to themselves as well as to others that they can be useful.

I do not want to take too long in replying to the hon. member's question. I thank all hon. members for the contribution they have made. The commissioner will read with a great deal of interest everything that has been said in this debate on our estimates, and I wish particularly to thank the hon. member for Kootenay East (Mr. Matthews) for the testimonial he offered here to the good work being done in the New Westminster penitentiary. The hon. member for New Westminster (Mr. Reid) had made similar comment, but a testimonial coming from an hon. member on the other side in a confirmatory way does much to assist us. I also extend sincere thanks to the hon. member for Eglinton (Mr. Fleming) for what he said about Major General Gibson. I did not know Major General Gibson, but I got from gentlemen in whom I have confidence a description of his qualifications, which the hon. member was kind enough to confirm by what he put on record this afternoon. I was told that Major General Gibson was not only a good administrator but a man with broad human sympathies, one who could select proper assistants; that he was a good judge of human character, and the kind of man who would take a plan and think it right through to the end, visualizing what the doing of certain things would produce in results. I thought that would be the kind of man who would set us on the right path to make such improvements in our penal system as we could make pending the getting of more cooperation or coordination of the efforts being carried on in our institutions and in the provincial institutions. There is no doubt that the principal recommendation of the Archambault commission would be for, if not necessarily a centralized penal system, at least a coordinated penal system for the whole of Canada.

Mr. HACKETT: Can the government initiate any plan of production in the penitentiaries? I was under the impression that some years ago a fully equipped binder twine factory was installed at Kingston but that as a matter of policy the government had to stop manufacturing binder twine there, and that some other activities of that sort had to be abandoned because labour felt that the competition of prison labour was unfair and undesirable.

Mr. ST. LAURENT: I do not know particularly about the incident referred to by the hon. member for Stanstead, but I know that labour objected to the production for sale, in competition with its own labour, of that which might be obtained in the penitentiaries by the use of prison labour that was not paid for; and I can quite appreciate that viewpoint. But I would have no hesitation whatever in producing in the penitentiaries as many of the things used by the other agencies of this government as could be properly produced there.

Mr. HACKETT: They used to make boots.

Mr. ST. LAURENT: They make boots.

Mr. HACKETT: For policemen.

Mr. ST. LAURENT: They have repaired vast quantities of discarded army boots for use by the penitentiary population. For a long time they have been making mail bags for the Post Office Department. I do not think there can be any valid objection to the production in this way, for the Canadian government, of things that otherwise would have to be paid for out of taxation. I think it is in the interests of the whole public, including the labour group, to have the expense of government kept as low as possible; and if the sums that have to be expended in these penitentiaries could be, to a certain degree if not wholly, compensated by the value of things produced in the penitentiaries for use in other services of government, I think even the labouring class of our population would be benefited thereby.

Mr. HACKETT: Does the minister think there could be acquired in the penitentiaries any skills which would help a man when he had to return to civil life again?

Mr. ST. LAURENT: Yes. The value of the product is important, but that is not the main feature. The main feature, I think, is to get a man convinced that he is capable of doing useful things and of providing for himself. I have seen, in certain places of detention, people who were just breaking up stones with hammers. You cannot get a man interested in doing that. I have seen them picking oakum. You cannot make a man feel that he is doing something useful when his hours are spent in that kind of work.

Mr. MacINNIS: But was that not considered part of the punishment, the breaking of the stone and the picking of the oakum?

Mr. ST. LAURENT: It was a part of the hard labour, because there was no other hard labour available at which to set these men.

Mr. MacINNIS: I am not approving it, but that is what I understood it was.

Mr. ST. LAURENT: I think hard labour can be made interesting labour, and can be made educational labour as well; and I believe the job the commissioner has set himself to do is a start in the right direction. There has been complaint that this report was made a long time ago. That is quite true; and during the war I made no effort toward additional expenditure to implement the report, though we have had a number of the things recommended done. But immediately the war was over, I asked parliament to authorize the appointment of one instead of three commissioners. This gentleman is taking a keen interest in the work he is doing. He has already visited St. Vincent de Paul penitentiary, and the penitentiary at Kingston. At present he is in Halifax attending a meeting of social services which is to be addressed by Mr. Bennett, head of the Washington bureau of prisons; and he is going to take advantage of his trip to the maritimes to spend a few days at Dorchester. Later he will see the others. I have asked him to see not only the penitentiaries, the lay-out and so on, but to see those who are employed from the wardens right down through the whole line, to be able to make an appraisal of the possibilities of the personnel in these penitentiaries. I think there would be useful work to be performed in the penitentiaries even by university graduates, but all the personnel need not be university graduates. Quite a large proportion of those who are on the staffs at the present time may be proper personnel, and we cannot change over all at once. But I think an appraisal of the personnel is quite as important as an appraisal of the bricks and mortar, the yards, farms and shops; and I believe we are taking the right way to get palpable results.

Mr. BLACKMORE: I wish to ask the minister if he will convey my congratulations to the gentlemen who are in charge of these penitentiaries, because I have some sort of idea what it means to them. I should like

to go on with this discussion a little further; but in order that the committee might make some progress, how would it be if we passed the one item, and then continued the discussion on the next item?

Mr. FLEMING: I have a question about one matter which will take only a minute. In the details of this item appearing at page 121 of the estimates I notice provision for a chairman of the penitentiary commission at $9,000 and two commissioners at $7,500. Does that carry with it the implication that the minister is contemplating the appointment of the three man commission this year?

Mr. ST. LAURENT: No. That item has been in the estimates and has been voted every year since 1938. The salary that has been fixed for the commissioner is $12,000, and I do not think it will be possible to make any other appointment of additional commissioners in the course of the present fiscal year.

Mr. HACKETT: They may not be necessary.

Mr. ST. LAURENT: I do not think it would be possible to have another commissioner who would be helpful in the course of this fiscal year. These estimates were prepared before the commission was appointed. As the hon. member knows, by order of the treasury board there can be changes. The amount voted cannot be increased, but there can be changes in the allocation of the amount. What is here will be more than sufficient to cover the additional expense which will result from the appointment of the commissioner.

Mr. FLEMING: Within what time does the minister think the commissioner will have completed this preliminary survey?

Mr. ST. LAURENT: I do not think he will have completed his survey as long as he remains commissioner. I think this is something which is capable of constant improvement. He will have made a preliminary survey within the next three or four months.

Mr. HACKETT: And advise as to some parts of the commission's report which will become effective?

Mr. ST. LAURENT: Yes.

Item stands.

Progress reported.

On motion of Mr. St. Laurent the house adjourned at 11:05 p.m.

Friday, June 28, 1946.

The house met at three o'clock.

CANADIAN CITIZENSHIP

ACT TO BE PROCLAIMED JULY 1 AND BECOME EFFECTIVE JANUARY 1

On the orders of the day:

Right Hon. W. L. MACKENZIE KING (Prime Minister): Mr. Speaker, among the bills to which royal assent was given yesterday afternoon was the act respecting Canadian citizenship. The government has felt that hon. members would no doubt like to have this symbol of nationhood associated with the seventy-ninth anniversary of confederation, which comes on Monday next.

The government has therefore decided to have the bill proclaimed on July 1 of this year. I might say however that while the bill will be proclaimed on that day, its provisions will not go into effect until January 1, 1947. A number of technical matters have to be worked out in connection with the provisions of the bill, and as this cannot be done either here or in our offices abroad in that brief space of time, it has seemed appropriate to fix January 1, 1947, as the date upon which the provisions of the act will come into force.

PRIVILEGE

MR. MACKENZIE KING—REFERENCE TO ARTICLE IN "FINANCIAL POST" OF JUNE 29

On the orders of the day:

Right Hon. W. L. MACKENZIE KING (Prime Minister): Mr. Speaker, my attention has been drawn to an article appearing in the issue of the *Financial Post*, dated June 29, and which is headed, "Canada 'Another Belgium' in U.S. Air Bases Proposal? Hear Washington Insists Dominion's Northern Frontier be Fortified—'Atomic Age Maginot Line' is Feared". This wholly misleading article contains so many serious inaccuracies that I am bound to take exception to it in the strongest terms. Amongst other things the article alleges that a virtual ultimatum from the United States calling on Canada to fortify her northern frontier is reported to have hastened my return from England this month.

It is, of course, absurd to imagine that the government of the United States would present anything that could, by any stretch of the imagination, be described as an ultimatum, and there is no foundation whatever for this allegation. It is also untrue, as claimed in the article, that the United States government has

presented a plan for northern air bases. In view of what I have said, I perhaps need hardly add that my return from the United Kingdom was in no way influenced by any such imagined developments.

It is a fact, of course, that the permanent joint board on defence is charged with studying the defences of North America which includes our northern frontiers. The extent to which their vulnerability may or may not have been increased by reason of technological developments in recent years, and the measures which should be adopted for their protection are proper subjects of study by the board. The board is therefore examining them, and would be remiss in its duties if it did not.

VETERANS AFFAIRS

ENTITLEMENT OF CERTAIN WOMEN'S SERVICES TO REHABILITATION BENEFITS, ETC.

Mr. W. A. TUCKER (Parliamentary Assistant to the Minister of Veterans Affairs) moved the second reading of bill No. 200, respecting benefits for persons who served in the Women's royal naval services and the South African military nursing service.

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

On section 1—Short title.

Mr. GILLIS: I was of the opinion that all the auxiliary services were to be brought within the scope of existing legislation for the benefit of veterans and that this matter is now in the hands of a subcommittee of the veterans affairs committee. I understood it was intended to bring in an all-inclusive bill to cover all auxiliary services. Why is it that this bill is introduced while the subcommittee is studying the matter?

Mr. TUCKER: What the hon. member has said is correct; the intention is to try to embody in one bill whatever has to be done in regard to those who were not actually members of the armed services. However, these personnel are in a slightly different position. They were deemed to be members of the armed services until it was found that the South African military nursing service was not a part of the armed services of that country and because of that technicality the members of that service were not entitled to the benefits they would have been entitled to had they been members of the armed services. The hon. member will remember that last session the veterans affairs committee recommended that an order in council be passed giving them those rights, and it was of course understood that a bill would be introduced to embody those rights in legislation by parliament.

With regard to the women's royal naval service personnel, it was found that because of a naval rule of the United Kingdom these women could not be considered as members of the armed services as were the members of the women's auxiliary air force and the women's branch of the British army. These particular women therefore were not able to get the benefits of our legislation which extended to those who had joined His Majesty's forces other than Canadian, and the bill is to take care of this situation. As I explained at the resolution stage, it is the intention to try to get legislation before the committee and have a recommendation from the committee this session if possible in connection with the other groups not actually members of the armed forces.

Mr. GILLIS: I am quite satisfied with the bill. I was simply calling attention to the fact that the case of the women who served with the V.A.D., the Red Cross and other auxiliary services was being considered by the veterans affairs committee. I did not want the impression to get abroad that we were granting rights to only two classes of women who had served and were neglecting others who deserve consideration. I want to make it clear that the subcommittee of the veterans affairs committee is now considering an all-inclusive bill which will include the other categories.

Mr. MUTCH: As chairman of the subcommittee which is considering other civilian personnel with respect to war service benefits, I should like to try to make it clear why these two groups are being considered now. The committee recommended that an order in council be passed to assure these benefits to these women. I think the hon. gentleman who has just spoken will remember that the matters referred to the subcommittee had to do with those who had not yet been granted any rights. The duty of the subcommittee is to recommend to the main committee such benefits as they can agree upon. There is no question at all of the others being ignored; their position has been considered and is being seriously considered, and in the course of time a report will be made to the main committee.

Mr. CHURCH: I agree with the principle of this bill dealing with the South African nursing service and the women's royal naval services, but there is one question I should like to ask. Is the committee considering the provision of nursing services which are so

badly needed for soldiers in their homes, and in civilian hospitals? The former hon. member for Parkdale pointed out when he was here that even at Sunnybrook nursing services may later have to be used to aid soldier families. I was on the board of the Toronto general hospital for years and I know that recently they have had to close down one or two floors because of the scarcity of nurses. Is anything being done to provide nursing services for soldiers and their families?

Mr. TUCKER: We have so much on the agenda that if I were to try to deal with it all it would take the whole of the afternoon. As has been explained, we have eleven bills still to be reported to the house. I think the question the hon. member asked would come more properly under the estimates of the Department of National Health and Welfare.

Mr. CHURCH: We had a large meeting in Maple Leaf Gardens, Toronto, recently attended by several thousand soldiers who complained that they cannot get housing, nurses or anything. I would like to see the committee do something to provide the services and accommodation which the soldiers need.

Mr. HAZEN: Was this bill considered by the veterans affairs committee? I was not a member of the committee, and I do not know what the procedure was.

Mr. TUCKER: It was considered by the veterans affairs committee and recommended —I hesitate to say unanimously, but I believe it was unanimously—to the house in exactly the form in which it appears to-day.

Section agreed to.

Sections 2 to 4 inclusive agreed to.

On section 5—P.C. 6938 revoked.

Mr. CASTLEDEN: Are benefits given under any acts to the Canadian Wrens which are not made available to the women's royal naval services and the South African military nursing service?

Mr. TUCKER: This bill gives the same rights to these Canadian girls as they would have had if they had been men and had gone into any of His Majesty's forces other than the Canadian forces. In other words it brings the rights of those who were domiciled in Canada when they went into these services and are now domiciled and resident in Canada up to the same level which they would have enjoyed had they gone into the Canadian forces.

Mr. CASE: Do the members of these forces receive the same benefits under this bill as they received under P.C. 6938?

Mr. TUCKER: They receive exactly the same benefits.

Section agreed to.

Bill reported, read the third time and passed.

SOLDIER SETTLEMENT ACT

AMENDMENT AFFECTING RATES OF INTEREST

Mr. W. A. TUCKER (Parliamentary Assistant to the Minister of Veterans Affairs) moved the second reading of bill No. 199, to amend the Soldier Settlement Act.

Mr. ROBERT FAIR (Battle River): Mr. Speaker, I do not think it is good business to pass this bill in its present form. We have discussed this subject in the house for quite a number of years, and I think most of the members have admitted that we are not giving a square deal to our old veterans of the last war who settled on the land.

We had a discussion in the house in October last, in which more than twenty members took part, of a resolution to grant clear title to those who were settled on the land at the end of March, 1944, and only two or three members opposed that resolution. We are spending vast sums of money trying to be fair to people of other countries and improve their standard of living, and I think it would be very good business for us to begin at home. The amount required to grant clear title is $7,715,954.01, which is less than we spent on half a day of war. Divide the total up among the people of Canada and it would mean an assessment of sixty-five cents each. After the budget news we had last night I do not think the people would be shocked if even at this late date we passed this bill with an amendment to give these old veterans at least something approaching a square deal. I move, seconded by the hon. member for Yorkton (Mr. Castleden):

(a) Striking out the word "sections" where it appears in the third line and substituting therefor the word "section."

(b) Adding after the word "where" in the first line of the section the words, "on March 31, 1944."

(c) Striking out subsections (d) (e) and (f) of section 76.

(d) Striking out section 77 and substituting the following as subsection (d):

"The government shall cancel all remaining indebtedness on account of the purchase agreement, and shall render to the persons so indebted full title to the said land," so that the bill will now read:

1. The Soldier Settlement Act, chapter one hundred and eighty-eight of the revised statutes of Canada, 1927, is amended by adding thereto the following section:

76. In any case where at March 31, 1944,

(a) a person is indebted in respect of any agreement made under this act;

(b) a person has not abandoned his land;
(c) the agreement has not been terminated, rescinded or assigned;
(d) the government shall cancel all remaining indebtedness on account of the purchase agreement, and shall render to the persons so indebted full title to the said land.

Mr. TUCKER: I suggest to Your Honour that the amendment is out of order in that it would impose a charge on the public revenue. Furthermore this is the first time that I have ever heard of a motion being made to amend a bill on the second reading. I submit that on both these grounds the amendment is not in accordance with the rules. My motion was that the bill be now read a second time. The effect of the amendment would be to substitute an entirely new bill altogether. It is in effect a negation of the motion for second reading. I submit that the amendment is out of order.

Mr. CASTLEDEN: Speaking to the point of order, the first part of my hon. friend's argument may or may not be valid. The money that might be collected from the settlers would naturally come into the public revenue, but against that there is the charge of collecting the indebtedness, and it is conceivable that the cost of collection might easily equal the revenue received. The amendment if passed would bring justice to men who have been settled on their lands so long that they are now entitled to them. As to the second point, if you, Mr. Speaker, rule that this is the wrong place to move this amendment, we should be pleased to move it in committee of the whole.

Mr. HANSELL: On the point of order as to the amendment involving expenditure of money, that cannot possibly be so, because the money has not yet been collected to be spent, and all that is proposed in the amendment is to give clear title. If this were an amendment directly involving the expenditure of money—

Mr. ROSS (Souris): You will save money on administration.

Mr. HANSELL: —I could understand it, but giving them a clear title does not involve the spending of money at all. They pay for the title themselves. They have paid already.

Mr. SPEAKER: If the hon. member who moved this amendment will look at *Beauchesne,* third edition, article 658, he will see that—

A motion opposing the second reading of a bill must not anticipate amendments which may be moved in committee. Alterations which may be effected by amending the clauses of the bill cannot be moved on the second reading.

[Mr. Fair.]

So I declare that the amendment of the hon. member is out of order.

Mr. FAIR: May I ask one question? Will it be in order to move the amendment in committee?

Mr. SPEAKER: It will be the privilege of the hon. member to present his amendment when the house is in committee on the bill.

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

On section 1—Reduction of interest rate in case of a settler, veteran of two wars.

Mr. CHURCH: Mr. Chairman, since this resolution was considered the other day I have been looking up the records of the house in the last few years. I take it that the committee must be an impartial committee. I believed it was; I visited it the other day, but I was persuaded that there must be something else behind it. We know what happened after the last war when soldiers went on the land. I am not blaming now any one government, because it seems to me that as regards treatment of the soldiers they are all alike. That is one of the reasons I came here in the first place; I think I made a mistake in coming here at all. By way of contrast, consider what this country has done for the builders of the trans-Canada railways—the C.P.R., the C.N.R., the Grand Trunk Pacific—the Mackenzie and Mann system. What they received from this country, including the grants of land, the numerous sections along the lines of railway handed to them as a favour, without any consideration for the taxpayer at all, runs into millions of acres on the broken and unbroken rights of way of each.

Then consider what we have done for the builders of character over Canada from the time immemorial—the rural school teachers engaged to teach in our country schools, who are left to starve on $300 a year. Finally, consider how the soldiers have been treated. I have seen a good many ex-service men who were stationed during the war at the Canadian national exhibition grounds in Toronto. Large numbers of them were collected at a sort of central Canada concentration camp for the whole of the west and all Canada. These men came from as far east as Halifax and as far west as Vancouver. I have talked to them. Some came in to see me, some wrote me letters, some of the men who were in this plight served in the last war and some are veterans of this war. I consider that on the question of soldier settlement some of them have received pretty shabby treatment. I

have the utmost respect for this committee of veterans and for the various governments which have had to deal with these problems, because we have to consider also the taxpayer, but I want to draw attention to the position of a large body of people who, except for what the minister did in 1945, which applied to only a few, have never got so much as a snap of the finger by way of consideration from any government since the time when, enrolled in the Northwest Field Force, 1885, they marched across lake Superior in the time of the Riel rebellion. Some of them were Haligonians; there was a large contingent from the midland district, from Trenton, and neighbouring cities and towns; there were the Royal Grenadiers, and in Toronto the Governor General's bodyguard, the battalion commanded by that great police magistrate, the late Colonel Denison, one of the pioneers of this country, the Queen's Own, and many other units.

Where are these men to-day? They never got a cent. I admit that they were given a grant of land which they never saw and was of no use to them. The soldier land settlement schemes began, in fact, at the time of the northwest rebellion in 1885. Some of these men received grants of land in the northwest; some, up in new Ontario, and half of them never saw their land. They were in their day the backbone of the present Canadian militia. They and their children served in the South African war and they or their children and grandchildren served in the two great wars which followed it. How were they treated? As to old age pensions they were subjected to the means test—and it is very well named; it is a mean thing; it is the meanest and most contemptible thing I have ever known. In connection with the case I mentioned the other day to the committee, what did they do? They simply did nothing, and I made up my mind that I would speak in this chamber when this particular bill came up, because if this is the way the veterans committee conducts its affairs, the remnant of these old soldiers—nearly all of them are gone now, I think there are only three or four thousand left—will get scant consideration. As a matter of fact they never got a nickel out of parliament. They never even received uniforms. All they got was $6 a year for attending drills in the militia, and they had to put the money, in 1881 and 1885, in the company funds. The way they have been treated since is shabby and contemptible.

I commend the action of the hon. member for Battle River. I do not often agree with some of the views of the hon. gentlemen of his group, but there is one thing to be said for them: they stand for the underdog and they support the mother country first, last and all the time; it is not with their consent that the Suez canal will be given away or India abandoned and the dominions separated from the empire.

I repeat that I am disappointed with the present bill. I believe it should be referred back to the committee to see if they cannot make a more liberal recommendation. I was surprised to some extent by what occurred when I attended a meeting of the committee the other day. They heard what I had to say; the chairman called me his "colleague," and I am a colleague of his. I have no antagonism to anybody. But I do repeat that these 1885 veterans have got shabby treatment from all the governments. I was accused away back in 1915, 1916 and 1917 of attacking my own party when it was in power, and I admit that when I saw the shabby treatment the veterans were getting I protested against the government of which I was a supporter. When I saw the disgraceful hospital conditions that prevailed at the time of the terrible influenza epidemic, when men were forced to live out in tents in cold and rainy weather. I attacked my own party, who were then in office. I know a good many of these land settlement soldiers; I come in contact with many of them every day, and I have yet to see a returned man who has made anything out of it.

The night before last there was a big parade of soldiers to the Maple Leaf Gardens in Toronto. I was not there, because members of parliament from Toronto cannot very well be there and here at the same time. There was a tremendous torchlight procession, and the men were discussing the housing shortage for veterans, the very question that I am now dealing with. They had great banners and they marched up to the Maple Leaf Gardens where they hoisted their banners, and I saw a report in the newspapers that a Scottish alderman, John Innes, and acting Mayor McCallum and Controller McKellar were among those present. The member for Davenport was not able to be there but he was represented by another Scotsman, John Innes. Well, these men wanted to know what the government was going to do about a number of things. They wanted to know something about housing; they wanted to know what was going to be done for those who were coming home; they wanted to know what plans the government had for adequate hospitalization of the men, and for nurses. I am glad I did not have to answer for all this. They spoke the truth, the whole truth and nothing but the truth as to

conditions under which the veterans have to live to-day, and those conditions are certainly intolerable.

I am not blaming the chairman of the veterans affairs committee. I have linked up in the past all governments with the shameful treatment that has been handed out to our soldiers. I have known something about all the governments we have had; I have known some of them a long time, too long as a matter of fact; and I know that the soldiers get nothing much out of them. Last June there was a gathering of veterans of the 1885 Northwest force from all parts of Canada, about 217 of them, many of them well up in years, and they came to Toronto for a final dinner. What did they get? Nothing. The committee before whom I appeared on June 11 have as yet not recommended anything for them. I know the reason, and some day I will state it very emphatically and clearly in this house. Some day, right in this chamber, I am going to tell why the veterans of the northwest rebellion never got any direct aid except a little under an order in council in 1944-45, for which few could qualify. I have seen their wives and children actually passing the hat. I am sorry to have to say this, but it is the truth. Why should this state of affairs go on when we have a veterans affairs committee that might be doing something for the veterans?

When I visited the committee I was greatly surprised, and I could then realize fully the truth of what has been said so often by two of the best soldiers of our country, two Victoria Cross men sitting here modestly, and raising their voices all the time on behalf of the veterans. I have no doubt that what they say is quite correct. I think the veterans committee ought to do something for these men, who went on the land after world war I, and for that reason I support the recommendation that has been made in regard to the quit claim deed. I have listened to what has been said not only by members of the house and members of the committee but by those who support the government, and I am ready to admit that the government have done a great deal for the veterans in the way of pensions and in other directions. What they have done in that regard is laudable, and in some respects it leads other countries. I was in hopes therefore that when I went to the committee I would see them making an earnest effort to redress the grievances of the men. That is what the veterans affairs committee is for, to redress the grievances of veterans not only of this war, not only of the last war, but of every other war in which Canadians have fought for their country. The Canadian people do not expect this parliament to act simply as a dead-beat in relation to the men who gave up everything and went overseas in the last war, or the men who took part in the Fenian raid, in the South African war and in the northwest rebellion. At that time they marched along the shore of lake Superior in the depth of winter to save that land from dislocation. They had to live on hard-tack, and they got nothing out of it. They bought their own uniforms and did not receive a nickel. The people are not going to put up with this sort of thing much longer. The government can vote a billion and a half in civil estimates. We all heard the speech delivered by the Minister of Finance last night. When we consider these things, it is about time that private members got up and spoke on behalf the just grievances of the soldiers.

I believe in the sincerity of the present minister, who has done so much, and that of the chairman of the committee. I have no doubt he wishes to do the very best he can for the men, and so I suggest that the government reconsider the suggestion that has been made in regard to the veterans of the last war who went on the land. I admit what was done for Mackenzie and Mann by the government that I supported, but the other government and this government did a great deal too. Those people got a hand-out from our various legislatures of millions of acres of land. They were well treated by the province of Manitoba and by other provinces. If the country can do so much for these people, why can we not do something for our own land settlement veterans? The committee would be well advised to reconsider the matter, and I hope that when the minister comes back he will take it into further consideration.

Mr. ROSS (Souris): I wish to support what my colleague the member for Broadview (Mr. Church) has said concerning the bill. I trust that the member for Battle River (Mr. Fair) will press his amendment; for I certainly believe that these old soldiers should have further consideration. Speaking on the measure the other day I pointed out what had happened in my own community, where one settler agreed to pay $5,000 for a half section, which was subsequently sold to a man, not a British subject, for less than ten per cent of that figure, and the settler himself was not given an opportunity to repurchase the farm. I told of the excellent brief that had been presented by the executive of the old veterans to the veterans committee in the railway committee room this summer. At that time I questioned some of the officers, and in this morning's mail, as a result of that, I received a letter from one of the old settlers in which he states:

During the recent visit I note that on page 381 of minutes of May 6 you asked Mr. Sibley, our secretary, if he knew of any case where the dollar for dollar was conceded to civilian repurchasers, some being German ex-servicemen who had fought against us.

The chairman will remember that they made this representation in their brief, and when I questioned the witness he said he was not sure, but it was his understanding. My correspondent writes further:

At the time I was down in 1944 I addressed the cabinet, Conservative and Liberal caucuses, and stated flatly that I could provide them with proof of its having been done right in my own district.

This settler was forced to sign a quit claim deed, and the board in turn sold the land to a German ex-serviceman who had fought against us and later had come to this country. Later over the years when adjustments were made to settlers, granting them a credit of two dollars for every dollar paid, this German settler who had fought against us received the same consideration. He received this consideration because he had come to this country and purchased that settler's farm. This man gives the evidence in a letter, and he also says that he had made the statement publicly before officials of the government of the day. Surely our settlers are entitled to at least as much consideration from the government as German ex-servicemen.

Much has been said about the veterans committee. I do not know whether the public realizes just how difficult our task is at times, because the reestablishment of soldiers involves various departments of government. This morning I received a letter from one of my constituents. He encolsed a copy of a letter which he had received from the wartime prices and trade board, sugar administrator. The letter reads as follows:

The Wartime Prices and Trade Board
Sugar Administration,
Area Sugar Office
Power Building,
Winnipeg, Manitoba

Mr. E. A. Tate,
Killarney, Man.

Dear Sir:

That part of your letter dated 12th June, with reference to sugar for use in curing of meats has been referred to this office for attention.

In reply, we would advise that since all industrial sugar users are rationed on a percentage of 1941 usage, during which time you were not in business, it is impossible for us to establish an industrial sugar quota for you.

We regret that present regulations do not allow any deviation from this policy.

This veteran served in the armed forces for between five and six years, four and a half years of which he served overseas. I have sent a copy of all this correspondence to the Minister of Finance under whose jurisdiction the wartime prices and trade board operates. I do not know whether I shall be permitted to put on *Hansard* the language he uses in regard to the wartime prices and trade board, but I shall read the letter which he asked me to send to the proper authorities.

Mr. ST. LAURENT: On a point of order, Mr. Chairman, before the hon. member carries out his threat I would ask you to consider whether it is pertinent to the bill now under discussion. The letter has to do with the administration of the wartime prices and trade board regulations.

Mr. ROSS (Souris): On the point of order, this matter has to do with the reestablishment of veterans of the recent war.

The CHAIRMAN: Order. The bill before the committee is in regard to the Soldier Settlement Act, which affects soldiers of the first war, and I would ask the hon. member to relate his remarks to the bill.

Mr. ROSS (Souris): I was comparing the settlement of soldiers under the bill with the old Soldier Settlement Act. In making adjustment to these soldiers we should be governed by what is being done here. In that sense it is relevant to the discussion. The letter is headed: "Killarney, Man., June 23, 1940."

Mr. ST. LAURENT: I ask for a ruling whether the administration of the wartime prices and trade board regulations can be discussed under this bill.

The CHAIRMAN: I think it is clear that a discussion of the regulations of the wartime prices and trade board would be out of order. I think it is equally out of order to discuss veterans' affairs generally. It was decided previously when the resolution was before the committee that while it was before the committee, and likewise while the bill is before the committee, the committee will discuss matters strictly affecting soldiers who served in the first great war and took land under the Soldier Settlement Act.

Mr. ROSS (Souris): Your ruling is that I cannot quote this letter now?

Mr. MITCHELL: It will keep.

Mr. ROSS (Souris): Yes, it will keep for quite a while. Let me say to the minister that the quick-freeze plant is to be operating by July 15. He cannot tell his prospective customers whether he cannot get the materials to operate the plant. If I had been allowed to do so I would have raised the question on the orders of the day. But I did not do that. Veterans cannot be reestablished unless they can get the materials they need. The difficulties of veterans have been aired in the veterans committee—

The CHAIRMAN: Order. Shall the clause carry?

Mr. ROSS (Souris): No.

Mr. MITCHELL: My hon. friend knows the rules of the house, as pointed out by the Minister of Justice. When an hon. member gets a request such as the one referred to by the hon. member for Souris, he makes a great deal more progress if he goes to the minister concerned instead of spreading it all across *Hansard*. In a large organization such as that which the Minister of Finance has under his jurisdiction, hundreds of matters such as the one referred to crop up. That is true of my own department. My hon. friend, who knows the rules of the house, should comply with them.

Mr. ROSS (Souris): May I say to the minister that if he had been listening to me a few minutes ago he would have known that I prefaced my remarks by saying that I sent a complete copy of this correspondence to the Minister of Finance for his consideration. Some of my colleagues have done the same thing, and they have not received a satisfactory answer.

Coming back to the main argument, may I say that relief should be given to that young man. I hope that the member for Battle River presses his amendment as indicated, and I shall support him at every opportunity.

The CHAIRMAN: Order. There is no amendment before the committee.

Mr. ROSS (Souris): There probably will be one in a few minutes. I realize that I am not permitted to anticipate. In view of the letter from one of these old settlers, which I read, and the financial consideration that the taxpayers of this country have given to the German veteran who fought against these old soldiers and who came to this country later, I say that these old soldiers are entitled to some further consideration. I do not think there is any doubt about that. I do not know why there is a concerted effort on the part of the government to dispose of this matter as they are attempting to do at this time. If we are to consider—I was going to say—almost squandering huge sums of the taxpayers' money in every direction, why should we be so niggardly toward these old soldiers? It was they and their dependents who made it possible for us to enjoy our present way of life in Canada. We should give them some further consideration at this time and thereby enhance the welfare and the future of this nation.

Mr. MacNICOL: At first I had not intended to take any part in the discussion, but I must confess I was greatly impressed by the remarks made by the hon. member for

[The Chairman.]

Battle River (Mr. Fair). They recall to my mind a case which I had before the house on two or three different occasions. It was that of a young soldier whose name I shall refer to as Lieutenant Frank M., of the county of Wellington, Ontario, who during the first great war won the military medal, and who later went to Saskatchewan and took up land. He was financed by his father, who at that time was financially well-off in Ontario. Later because of drought and depression this young man went through trying times. I received many letters from him at that time and I brought his case up in the house and pressed for relief to be given to him so that he might hold his land. I am sorry to say that in the end he signed a quit claim deed and lost not only what he had put into the farm but what his father had put in. He then left that part of the country, and the father afterwards died.

After listening to the hon. member for Battle River present his plea I had hoped that the parliamentary assistant to the minister, who is doing a good job in piloting the bill through the house, would give some relief to these people. I do not suppose any relief can be given to the young man I mentioned, because he lost his land some time ago.

Mr. TUCKER: When did he lose his land?

Mr. MacNICOL: It might be two or three years ago. If the parliamentary assistant is interested I may be able to get him the information. I believe I took the matter up with him.

Mr. TUCKER: I do not remember it.

Mr. MacNICOL: I shall send the particulars to him, to see if any relief can be given to this young man who lost everything he had in the world. As I said, he won a decoration in the last war. I trust that something may be done for him, by way of either a position in the government, or something else. During the past war he acted as a guard in one of the prisoner of war camps at Lethbridge. What I started to say was this, that the parliamentary secretary is a westerner, sympathetic, and he is a former soldier. As such he must be thoroughly conversant with the trials and troubles through which many of these people passed during those terrible days of depression. I urge upon him that he use his influence with the minister, so that the minister may give a sympathetic ear to the submissions made by the hon. member for Battle River.

Mr. BAKER: Mr. Chairman, I have sat as long as I can listening to hon. members on the other side of the house talking as though

they were the only ones interested in veterans affairs. I do not like using the first person pronoun, and seldom do; but I served in the armed forces for six years, as did a good many others on this side of the house, as well as on the other side.

The veterans affairs committee has been coming in for a bit of battering, and I do not care for it. We have enough fighting among ourselves, because where one finds soldiers he generally finds fighting. Eventually they get together. But when it all has to be fought out again in the House of Commons, I resent it.

I resent, too, the remarks of the hon. member for Broadview, much as I respect his age and his great knowledge. He has been in parliament a long time. I saw him here over twenty years ago, when I was a small boy. We were good enough to allow him to come to our committee so that he might present his case. I was there at the time, and with the others listened with keen interest to what the hon. member had to say. The ideas he advanced were duly considered. But for the hon. member to come here and make the remarks he did about the veterans affairs committee is just a little too much, and I resent it.

I will tell you this, that I came back from the war, but I have not yet been able to get into business. I came to the House of Commons, telling my constituents that I was coming here to try to help the veterans. I am not a professional parliamentarian; that is obvious. But if this sort of thing continues I personally am going to resign from the veterans affairs committee, because I have heard accusations coming from the opposite side of the house which I strongly resent.

Here we have bill No. 199, which purports to do something for the veterans. I am not objecting to what the hon. member for Battle River has said. He has been fighting this matter for years, and fighting for what he believes is correct. I have no recrimination whatsoever to lodge against him; he is doing what he believes is right. I am not saying I think it is right; neither am I saying anything against the hon. member. That is another story. But I do maintain that this bill is going to help the veterans—that is, if we can get it through. So why not deal with what we have before us now? Get that through; and if there is anything else to be brought up, bring it up. It is obvious that the government is willing to put this measure into effect as soon as it can.

I know the hon. member for Battle River is in dead earnest in what he has said, and in the amendment he has said he will move. I know many other veterans think the same as he does. I am trying to be frank, because I am not a politician. In my view the $5,000,000 item is not a very serious one. But I do feel that in view of what we might run into in the future, it would be a dangerous precedent to establish. We must remember that a great percentage of our national revenue is going to veterans and veterans affairs. We must keep the public in a state of mind in which they will favour supporting veterans affairs, and in which they will see that veterans get the best possible deal. The only way we can do that is to produce legislation which the public will think is fair, and which will leave them with the feeling that we are doing the right thing.

Mind you, I think the general public would probably favour what the hon. member for Battle River has said; but from what I have seen in parliament, if we start on a procedure of that kind it is apt to grow and grow. We may not feel the full effect of it at the present time. My view is, however, that in ten or fifteen years we will be going through harder trials than we are to-day, in connection with making readjustments and that sort of thing. I may be wrong in that, of course; it is only my opinion.

I do suggest that in future we ought not to lose our tempers—as I did just now—but that we should forget about the veterans affairs committee as such in this debate. We are in there, trying to do a good job; do not criticize it. We are working hard all the time—I believe it is the hardest working committee in the House of Commons. Further, we will do our best—and if there is any political finagling it certainly is not all on one side, I can tell you that. Let us get on with the business, and try to get this bill through.

Mr. FAIR: I thank the hon. member for the sympathetic and fair-minded view he has taken. I would also point out to him that so far as I am concerned I have no interest in politics. I have a much better home on the farm than I ever had here in Ottawa. I am quite satisfied that our climate in Alberta is much better than the climate here. So far as I am concerned I should be quite willing to stay at home as soon as the people in my constituency think I have given them sufficient service. But realizing that forty-eight per cent of my constituents voted for me, from a field of five, I feel that what I have carried on in the past has been along the right line, and that they will want me to carry it through to a finish.

I assure the hon. member for Shelburne-Yarmouth-Clare that I have no political interest at all, because I managed to make a living through the depression years, and did not have to come to Ottawa to get it.

I do not wish to disappoint the chairman or the hon. member for Souris, so I shall move my amendment. Before doing so however I should like to read a copy of some correspondence which came in the mail to-day. I may say we have had several other letters along the same line. The veterans affairs committee knows at least some of the particulars of this case. I make no charge against the committee, because I know they have done a large amount of useful work, and I hope they will so continue until their job is successfully completed. What I am about to read is a copy of a letter addressed to Mr. Tucker, M.P., chairman, and Mr. A. L. Burgess, clerk of the special veterans committee at Ottawa. It reads:

Dear Sir:

In reply to yours of the 3rd December, 1945, as to evidence I wish to submit to the veterans committee re the administration of the S.S.B.

(a) I accuse the S.S.B. administration of operating the S.S.B. as a criminal racket defrauding both the soldier settlers and the dominion treasury.

(b) I accuse the administration, by its actions, of openly and deliberately defying the provisions of Soldier Settlement Act and the criminal code of Canada, on not less than twenty major charges of violation.

Mr. TUCKER: Mr. Chairman, I rise to a point of order. From what the hon. member has already read I realize that he is reading from a circular letter which was sent, I believe, to practically all members of the house, making virulent charges against the soldier settlement board. That letter was considered by the veterans affairs committee. For reasons which I do not wish to give on the floor of the house, the steering committee of the veterans affairs committee decided they would not hear the writer of that letter, and decided also that he should be asked to make his charges in a proper court, where the matter could be properly aired. I suggest that it is out of order for the hon. member to read a letter like this without taking any responsibility for it at all, a letter which has been before our committee, which they have considered more than once, and which, by unanimous consent, they decided should not be dealt with in the committee and preferably not in parliament.

I know that is not binding on the hon. member. I can see quite well that he has no confidence in the veterans affairs committee.

Mr. FAIR: I object, and I ask the hon. member to withdraw what he has said.

Mr. TUCKER: I am just making an observation.

Mr. FAIR: I ask that that statement be withdrawn, because it is not correct.

[Mr. Fair.]

Mr. TUCKER: I am just making an observation based upon the hon. member's action and his statement.

An hon. MEMBER: Withdraw.

The CHAIRMAN: It is not necessary to have anything withdrawn. The hon. member for Rosthern must accept the statement of the hon. member for Battle River that he has confidence in the veterans affairs committee. The hon. member for Battle River has stated that he has confidence in the committee, and that statement must be accepted.

Mr. TUCKER: I am glad to hear him say that. To continue the point—

Mr. FAIR: I ask that the hon. member withdraw his remark.

Mr. TUCKER: I am not through speaking on the point of order. As a matter of public decency, here is a letter making virulent charges against a prominent public servant. The hon. member does not undertake to vouch for the correctness of these charges. I submit to you, sir, that it is improper, that it would be a shame and a disgrace if the hon. member, without taking any responsibility for what he is about to read, should be permitted to spread upon the pages of *Hansard* an unjustified attack upon a prominent public servant of this country from a source whose reliability we do not know. I submit that under the rules laid down an hon. member has no right to read a letter reflecting upon the proceedings of the house and containing scandalous or scurrilous matter. I submit that he is out of order. If he would consult with the other members of the veterans affairs committee I think they would advise him that in fairness to the director and officials of the Veterans Land Act he should tell the man who wrote this letter that he should have recourse to the courts and not continually spread such propaganda. The hon. member should not himself endeavour to spread this upon the pages of *Hansard* without having any proof of its truth.

Mr. FAIR: Now that the hon. gentleman has got rid of some of his excess speech, I should like him to withdraw the statement he made that I have no confidence in the veterans affairs committee. I ask for that withdrawal right now.

The CHAIRMAN: The hon. member for Rosthern has accepted the hon. member's statement.

Mr. REID: Have we in this house—

The CHAIRMAN: Order. I ruled that the hon. member for Rosthern must accept the

statement of the hon. member for Battle River when the hon. member for Battle River said that he had confidence in the committee.

Mr. QUELCH: The hon. member for Rosthern has stated that this came before the steering committee.

The CHAIRMAN: I want to get this point settled before we get into another question. The hon. member for Rosthern, I believe, did accept the statement of the hon. member for Battle River.

Mr. TUCKER: I said that I was glad to hear what the hon. member had said. I accept the fact that he said it, but I still have my own beliefs in this connection and nobody can change them so easily. According to the rules of this house, if I am pressed to say that I heard him say he has confidence in the committee, I will do so, but I have my own firm beliefs in that regard, based on the attitude he has displayed in this debate.

Mr. FAIR: I still demand a withdrawal by the hon. member.

Mr. REID: There is nothing to withdraw; I would not withdraw it.

The CHAIRMAN: It is not a matter of the withdrawal of a statement that has been made. There is nothing unparliamentary about what has been said. It is a matter of fact that the hon. member for Rosthern has accepted what the hon. member for Battle River has said.

Mr. LENNARD: He may have accepted it, but—

Mr. FAIR: I still demand that that statement be withdrawn. Then there is still another insinuation that has been made. I want to have that withdrawn before I proceed.

The CHAIRMAN: My hon. friend may think there is an insinuation, but I do not. There is nothing before the committee to be withdrawn. Shall section 1 carry?

Mr. FAIR: Not yet.

I ask, therefore, to be allowed to attend and testify in person in regard—

The CHAIRMAN: The hon. member for Rosthern has raised a question with regard to the contents of the letter the hon. member for Battle River is about to read. I have not seen the letter, and I do not know its contents; therefore I cannot rule upon it. If the letter has been considered already by the veterans affairs steering committee, and it was decided not to consider it, I think the hon. member for Battle River might agree not to proceed with the reading of it.

Mr. ROSS (Souris): The fact that it has been considered in the committee does not prevent any member of the committee from bringing it up in the house.

Mr. QUELCH: This came up before the steering committee on two or three occasions and we felt that it would not do any good to allow the man who had written the letter to come down. It was thought that if we allowed individual cases to come before the committee we would never get through the business. The procedure in the veterans affairs committee has been not to deal with individual cases. That is why we did not take up this particular case. However, I do not remember its being stated in the steering committee or in the veterans affairs committee that this matter could not be brought before parliament. As a matter of fact we would not have the power to rule that a letter sent to a member should not be brought before parliament. In view of the fact that every hon. member has received a copy of the letter, I cannot see what harm would be done if the hon. member should read it. It was definitely the opinion of the veterans affairs committee that this matter should not be dealt with by the committee, otherwise we might be bogged down with a lot of individual cases.

Mr. MUTCH: On the point of order raised as to the inadmissibility of this letter, is it not a fact that any hon. member rising in his place to quote from a letter which contains charges or allegations must vouch for that letter on his responsibility as a member? If that is so, I think it should be clearly understood by the hon. member for Battle River that in repeating the contents of this letter, which by the way I have seen, he would be assuming responsibility for the letter as a member of this house. If that is according to the rules, then I think it should be brought to the attention of the hon. member.

Mr. FAIR: I believe the members of the veterans affairs committee and the members of this committee are conversant with the case with which I was about to deal. I am not fussy about putting the whole thing on the record, because it would not look very good. If I did put it on, it would not be on my own responsibility, even though that is suggested by the hon. member for Winnipeg South or the parliamentary assistant to the minister.

Mr. MUTCH: I did not make a suggestion; I asked a question.

Mr. FAIR: Having heard a little about this case perhaps hon. members will interest themselves in the particulars of it and try to learn about the kind of house this man is

living in, and what kind of bedding he has in the winter time, and whether he has to sleep in a fur coat in order to keep warm. They may then decide whether that is good enough treatment for a veteran of great war I. Having said that, I move, seconded by the hon. member for Yorkton:

That Bill 199 be amended by:

(a) striking out the word "sections" where it appears in the third line of section 1 and substituting therefor the word "section."

(b) adding after the word "where" in the first line of the section the words "on March 31, 1944."

(c) striking out subsections (d), (e) and (f) of section 76.

(d) striking out section 77 and substituting the following as subsection (d):

"The government shall cancel all remaining indebtedness on account of the purchase agreement, and shall render to the persons so indebted full title to the said land," so that the bill will now read:

1. The Soldier Settlement Act, chapter one hundred and eighty-eight of the revised statutes of Canada, 1927, is amended by adding thereto the following section:

76. In any case where at March 31, 1944,

(a) a person is indebted in respect of any agreement made under this act;

(b) a person has not abandoned his land;

(c) the agreement has not been terminated, rescinded or assigned;

(d) the government shall cancel all remaining indebtedness on account of the purchase agreement, and shall render to the persons so indebted full title to the said land.

Mr. ST. LAURENT: Mr. Chairman, I happen to be in the unfortunate position at this moment of leading the house on behalf of the government, and it is my responsibility to point out to you that this proposed amendment is absolutely unconstitutional. It is not a matter of order; it is a matter of attempting to do something which the constitution says cannot be done. Sections 53 and 54 of the British North America Act, by which we are all bound and which cannot be changed by any vote of this house, provide:

53. Bills for appropriating any part of the public revenue or for imposing any tax or impost, shall originate in the House of Commons.

54. It shall not be lawful—

That is the constitution:

—for the House of Commons to adopt or pass any vote, resolution, address or bill for the appropriation of any part of the public revenue, or of any tax or impost, to any purpose that has not been first recommended to that house by message of the governor general in the session in which such vote, resolution, address, or bill is proposed.

We all listened with very much interest, and with sympathy as well, to the arguments adduced at the resolution stage when it was suggested that it would be the proper thing for this country to forgive the indebtedness still due by the settlers under this Soldier Settlement Act. It was pointed out that it would amount to a little more than $5,000,000, and not more than that, as a direct remission, and that that was a small enough contribution to make for the relief of the veterans in question. But that is what this proposed amendment to the bill would do directly. It was pointed out in the course of debate that it would probably destroy the effectiveness of the administration of the Soldier Settlement Act at the present time if a sum, even if it be only $5,000,000, were forgiven at this time because it had not been paid at the moments when under the contracts it would have become payable. But that just cannot be done. Citation 549 of Beauchesne's Parliamentary Rules and Forms says:

The rule—

That is the rule of the constitution:

The rule also applies to releasing or compounding any sum of money due to the crown and to the imposition of any state tax upon the people, but not to pecuniary penalties necessary to the operation of a bill.

I appreciate that there are many hon. members who wanted to have their views on the record as being favourable to the course proposed. But under the constitution as we have it, the house cannot do what is proposed unless there is brought into the house a resolution recommended by His Excellency the Governor General. That is the situation under the constitution. I submit to you, sir, that it is not a question of order. It is not a question of a standing order of the house that can be varied by the majority. It is a positive impediment—

Mr. BURTON: Was this bill preceded by a message from His Excellency?

Mr. ST. LAURENT: Oh, yes.

Mr. BURTON: I do not recall it.

Mr. ST. LAURENT: There was a resolution recommended to the house by the governor general and it was debated at considerable length. In the course of that debate it was pointed out that the forgiving of this indebtedness would mean directly only $5,000,000 odd; that was the amount of indebtedness which those supporting that view would like to have the country give up. But the house cannot do it under our constitution until it is recommended to the house by His Excellency the Governor General.

Mr. CASTLEDEN: Section 54 of the British North America Act refers to the appropriation of any part of the public revenue. Is this public revenue? What about the cost of collecting it?

Mr. ST. LAURENT: The cost of the administration of the government of Canada frequently more than equals the revenue of the

government of Canada, but that does not mean that what is collected is not a part of the revenue of Canada. That is an appropriation proposed of a part of what is due to become a portion of the consolidated revenue fund of Canada.

Mr. CASTLEDEN: It may be revenue in the future; it is not revenue now.

Mr. ST. LAURENT: It is an asset, for whatever it is worth, that belongs to the government of Canada, and that asset cannot be disposed of by the house without a message from His Excellency the Governor General recommending a resolution to that effect.

Mr. CASTLEDEN: It just says revenue.

Mr. ST. LAURENT: I am not going to redraft it. I am submitting that it means that anything belonging to Canada cannot be disposed of without its disposal being recommended to the house by the governor general.

Mr. FLEMING: On the point of order I would point out that *Hansard* does not record a message from the governor general, either at the resolution stage, at page 2818 of *Hansard,* or on the first reading of the bill, at page 2868. In neither case was the house informed that the contents of the resolution or of the bill had been communicated to His Excellency and that His Excellency had approved its submission to the house. Is it the fact that His Excellency gave that permission before the resolution was introduced?

Mr. ST. LAURENT: The hon. member will find that in *Votes and Proceedings.* The practice is that notice of the intention to introduce a resolution is placed on *Votes and Proceedings* and there is a similar one on the *Votes and Proceedings* to-day. On the orders of the day it will be inscribed as a notice of government motion and it will be called and the Speaker will declare the minister moves that at the next sitting the house go into committee of the whole to consider the terms of the resolution, and at that moment the minister in charge of the resolution gets up and declares that the resolution has been communicated to the governor general and that he is pleased to recommend it to the consideration of the house. Then next day or at some later day it is called to be considered in the committee. I will find for the hon. member the reference in the *Votes and Proceedings* to the declaration by the minister in charge that this was recommended to the consideration of the house.

Mr. FAIR: I do not think the argument of the Minister of Justice is very strong. We have no proof, as far as I can see, that this is going to cost the country any money; in fact I think it would save the country money, and, what is more important, it would save a whole lot of suffering to the old veterans who fought in the first great world war.

Mr. ST. LAURENT: Would the hon. member permit me to give the hon. member for Eglinton the reference? It has now been turned up. The consent of His Excellency the Governor General was communicated to the house by the Minister of Veterans Affairs on April 12 last; and that report is to be found at page 137 of the *Votes and Proceedings* of this session.

Mr. FAIR: Carrying on, Mr. Chairman, I was trying to point out that there is a question of justice to these old veterans which has never been recognized during all this time. A concession has been made—I am quite willing to admit that—but I must also point out that the concessions never caught up with the disadvantages under which these men have worked all these years. I think we should take into consideration, as well as the legal aspect, some of the humanitarian considerations.

The second argument advanced by the Minister of Justice is that this proposal would destroy the administration of this particular board. I do not think that that is quite correct, because taking this as a precedent, a man settling under the Veterans Land Act cannot claim any such deal as we are proposing for the old veterans until twenty-five years after he has settled on his holding; and I hope that this country will not impose upon veterans of the last war conditions which will prevent them from paying their debt for a term of twenty-five years, because I think you all realize that a whole lot of suffering can be packed into twenty-five years, even when these people are in the prime of life.

Mr. CASTLEDEN: Apparently under section 54 of the British North America Act it is not lawful for the house to pass any such resolution or bill for the appropriation of any tax or impost to any purpose that has not been first recommended to the house by a message of the governor general in the session in which the vote, resolution, address, or bill is proposed. I can assure hon. members that a recommendation will be asked for from the governor general, and that a request or resolution from the soldier settlers who are affected in this respect will be sent to the governor general from that organization. Whether he will act upon it or not I do not know. By this section, of course, the government itself must sponsor any such motion, and I appeal to the members of the government who have

the interests and the welfare of these men at heart, to exert their influence along that line.

The CHAIRMAN: Do I understand that the hon. member for Battle River, in view of the remarks made by the Minister of Justice, is withdrawing his amendment?

Mr. FAIR: No.

The CHAIRMAN: Then it is necessary for me to consider the remarks which have been made by the Minister of Justice, and also by the hon. member for Battle River and the hon. member for Yorkton, with respect to this matter. The Minister of Justice has raised the question whether the amendment can be considered in the committee in accordance with the constitution. He has referred to the British North America Act, section 54. Before reading that section I shall read, not the whole of the proposed amendment, but the last clause, which states:

The government shall cancel all remaining indebtedness on account of the purchase agreement and shall render to the person so indebted full title to the said land.

Section 54 of the British North America Act reads:

It shall not be lawful for the House of Commons to adopt or pass any vote, resolution, address, or bill for the appropriation of any part of the public revenue, or of any tax or impost, to any purpose that has not been first recommended to that house by message of the Governor General in the session in which such vote, resolution, address or bill is proposed.

Now I would refer hon. members to Beauchesne's "Parliamentary Rules and Forms", third edition, paragraph 436, where it is stated:

The recommendation of the crown is needed for such measures as bills relating to the extension of time for the repayment of the deposit which has become liable to forfeiture in the case of a private bill;

And I would ask hon. members to note the following words:

the release or compounding of sums due to the crown;

This amendment proposes that there should be a release of certain sums due the crown. It would therefore appear that it would first have to have the approval of His Excellency the Governor General. If it has not that approval it would be beyond the powers of even the government itself to make such an amendment, and I would say that the government itself could not advance a bill of this nature unless the government had first obtained the approval of the governor general.

Might I draw to the attention of hon. members a ruling which was made by the Hon. Mr. Lemieux on February 15, 1923, as recorded in Beauchesne, 3rd edition, page 541. I will just read the headnote:

A resolution that the government relinquish certain specified claims cannot be considered on a private member's motion but must be taken up in committee of the whole upon the Governor General's recommendation.

It is necessary for me to consider whether or not this amendment comes within the powers of this committee; and I have come to the conclusion, after hearing the remarks of the hon. members to whom I referred a minute ago, that it is clearly not within our jurisdiction and that it is impossible for me to allow a question to be proposed upon the motion. Again I would refer to Beauchesne, 3rd edition, at page 168, where it is stated:

"If any motion, or bill, or proceeding is offered to be moved, whether in the house or in a committee, which requires, but fails to receive, the recommendation of the crown, it is the duty of the Chair to announce that no question can be proposed upon the motion . . ."

That is an extract from May, page 505.

And I see in Bourinot, at page 179:

In accordance with his duty he (the Speaker or Chairman) declines to submit to the house motions which obviously infringe the rules of the house or privileges of parliament, such as a motion which would create or increase a charge upon the people and is not recommended by the crown or a motion of which proper notice has not been given and in such case he shall apprise the house immediately as to the rule or authority applicable to the case.

I am therefore compelled to state that the amendment is obviously beyond the powers of the committee and I cannot propose it to the committee.

Mr. FAIR: With all due respect, Mr. Chairman, I challenge your ruling.

The CHAIRMAN: There is no appeal. I have not settled any point of order. It is my duty, before any amendment is considered in committee, to satisfy myself that it is within the jurisdiction of the committee. If I am of the opinion that it is not, there is no further debate upon it and there is no appeal. I would remind hon. members that standing order 12, section 1, provides that Mr. Speaker shall preserve order and decorum and shall decide questions of order, subject to appeal to the house without debate. I have not decided a question of order. The matter before the committee is bill No. 199, section 1. Shall the section carry?

Mr. STIRLING: Would you be good enough, Mr. Chairman, to say under what standing order you take the view that although you have not declared the amendment out of order you stand on the constitution. I take it your ruling is that you have not declared the amendment out of order, but because in

your opinion it is contrary to the constitution you have made a decision which cannot be appealed. Would you be good enough to tell the committee under what standing order you take that position?

The CHAIRMAN: I have cited standing order 12, which makes the rulings of the chair subject to appeal on points of order. This is not a point of order. It is a question whether or not the amendment comes within the jurisdiction of this committee. If it is clearly not within our jurisdiction I have not the power to put it to the committee, and it is beyond the power of the committee to consider it. I declare, therefore, that the amendment is not before the committee. The matter before the committee is the bill.

Mr. STIRLING: Surely you have either to declare the amendment out of order or you have not. If you have declared it out of order it is open to the committee to challenge your ruling. If you have not ruled it out of order, if you have raised a question of the constitution, there must be somewhere in this book a rule upon which you stand.

Mr. ST. LAURENT: Mr. Chairman, did you not just a moment ago read to the committee the doctrine, as expressed in May, that if a motion is made that requires a recommendation and it is not preceded by that recommendation, the Chairman cannot put to the house any question in relation to that motion?

The CHAIRMAN: That is taken from Bourinot, at page 179 and from May, at page 505, and it is referred to in Beauchesne, third edition, at page 168. I am following the procedure therein set forth. The matter before the committee is bill No. 199, section 1. Shall the section carry?

Section agreed to.

Bill reported, read the third time and passed.

SUPPLY

The house in committee of supply, Mr. Macdonald (Brantford City) in the chair.

DEPARTMENT OF NATIONAL HEALTH AND WELFARE

Miscellaneous grants—

235. Grant to Health League of Canada, $10,000.

Mr. BLACKMORE: There is one matter of great importance to the people of Canada as a whole which I should like to discuss for a few moments, and in order to do so properly I propose to begin by referring to the subject of cancer. This subject has been discussed by members on several occasions and it will do no harm to review some of the facts pertaining to that dreadful disease.

Hon. BROOKE CLAXTON (Minister of National Health and Welfare): With all respect to the hon. member, I would raise the point that we are on item 235 which provides for a grant to the Health League of Canada. I do not know of any way in which that grant is associated with cancer. When the estimates were under consideration before, on two separate occasions, we had lengthy discussions on cancer, and I would submit that, unless there is something in the hon. gentleman's remarks to show a greater relevancy than now appears, a discussion on cancer would not be in order on this vote.

Mr. BLACKMORE: Considering the fact that the health league is to-day engaged in a life and death struggle against cancer, above all things in Canada, the minister's remarks are astonishing. There is hardly an issue of the health league magazine that is not almost filled with discussions on cancer.

Mr. CLAXTON: I would submit that the time to discuss cancer is on something related to the general functions of the department, and not on a grant to the Health League of Canada. As part of its activities the Health League of Canada may do some educational work in connection with cancer, but I would submit that this discussion should have taken place when the administration of the department was under discussion and when we had a rather full discussion of the matter.

Mr. BLACKMORE: I presume that the publication of the health magazine is part of the activities of the Health League of Canada. Am I right?

Mr. CLAXTON: Yes.

Mr. BLACKMORE: Very well. I am going to discuss one of the issues of the Health League of Canada's magazine.

The CHAIRMAN: Order. I am not going to give a ruling definitely on the point raised, but I think all hon. members will agree that if we discuss cancer under the heading "Health League of Canada" we can probably discuss it again under practically all the items. The next item is "Canadian National Institute for the Blind". If cancer is discussed under the Health League of Canada it could be discussed under the Canadian National Institute for the Blind, or under the Victorian Order of Nurses, or the St. John Ambulance Association, and so forth. We did have a fairly general discussion on that subject when the estimates were before the committee previously. I ask the committee to endeavour to confine its dis-

cussion to the definite vote. The hon. member for Lethbridge saw something with respect to cancer in one of the magazines put out by the Health League of Canada. Of course he can discuss that.

Mr. BLACKMORE: I bow to your ruling quite readily, Mr. Chairman. Before I go on with the discussion I wish to suggest to the minister that this appropriation of $10,000 is either too much or it is not half enough. If the Health League of Canada is performing the function which hon. members of the committee would normally expect it to perform, then $10,000 is not nearly as much as it ought to be given. If it is not performing that function we ought to cut down this appropriation to $100 or so. I think the Health League of Canada is performing, so far as it possibly can, the function which we would wish it to perform. If I am to be barred from the privilege of discussing the magazine—and I admit I am completely in the hands of the Chairman—then probably I shall have to find ways and means of accomplishing my objective without discussing cancer.

Let us take it for granted that the dreadful aspects of cancer are all known, and that its seriousness is well known. I wish to draw the committees attention to the fact that strange maladies are developing in our society, in Canada and in the United States. Men do not understand these maladies. The discussion on arthritis, which was carried on earnestly some time ago, indicates how completely bewildered the medical profession on the American continent is with respect to arthritis. The cause of cancer is, of course, completely unknown to us at the present time. Probably there is one thing which is standing in the way of our making effective efforts to discuss the nature and the causes of these maladies. I wish to give some attention to that to-day. There is an influence standing directly in the way of the discovery and introduction of adequate treatment of some of these dreadful diseases.

The CHAIRMAN: Order. I hesitate to interrupt the hon. member, but I cannot see how his remarks are directly related to the Health League of Canada, which organization is getting a grant of $10,000. I think it is the wish of the committee at this time that all remarks should be strictly relevant to the vote under consideration.

Mr. BLACKMORE: Would the minister tell us what the Health League is for and why a sum of $10,000 is to be given to it? Apparently it is not attempting to do anything, because if it does not try to find the causes of and remedies for such things as arthritis, cancer and other serious ills, what is the use of having the league? Will the minister tell the committee what the Health League of Canada is, why this committee should be giving it $10,000, and why it should not be giving it $25,000 if it is worth supporting?

Mr. CLAXTON: The Health League of Canada has been in existence for twenty-five years. During that time it has carried on exceedingly valuable work—

Mr. BLACKMORE: In connection with what?

Mr. CLAXTON: Will you please let me go on without interruption?

Mr. BLACKMORE: You interrupted me a few moments ago, stopped me from talking.

Mr. CLAXTON: I did that in accordance with the rules of the house in order to raise a point of order which I thought it was my duty to do. The Health League of Canada is an educational organization. I do not think it does any research work; I have never heard of its doing any research and it is not part of its functions to do any research. When it was first established its work was largely concentrated on educational activities in connection with the reduction of venereal disease. That field of activity was broadened out subsequently, and it did a great deal of work in connection with immunization, particularly of children, so as to prevent their taking a number of diseases which could be prevented by that means. For example, in November of last year they put on a campaign from one end of Canada to the other which secured highly favourable results. It has also done special work in connection with industrial health, with nutrition and with securing the pasteurization of milk. It is in these five fields that the Health League of Canada has specially operated. Incidentally it may have done promotional or educational work in connection with cancer, but it is no part of its function to do any research. Grants to the Health League of Canada were commenced in 1919, when $5,000 was given. They have been carried through at various figures.

In addition to the money received from the federal government, the Health League of Canada receives grants from other bodies and from the general public as well. It has a wide influence in promoting interest in health. It has public meetings; it distributes its magazine, shows, films, distributes pamphlets, and at the request of local authorities directly carries on such campaigns as that to secure the introduction of laws requiring the pasteurization of

milk. Altogether it is a most useful organization, doing great work. As hon. members who are interested in health matters are well aware, it has always taken an active interest in the voluntary health committee of the Senate and the House of Commons It has been very useful indeed in helping the chairman and officers of that committee in securing desirable speakers for the various meetings of that committee which are held throughout the year. I support what the hon. member for Lethbridge said as to its being a desirable institution and I hope the committee will pass this vote.

Mr. BLACKMORE: Is the Health League of Canada carrying on a national campaign throughout Canada at the present time with respect to cancer?

Mr. CLAXTON: No. I think the hon. member must have in mind the Canadian cancer society, which has been carrying on an effective campaign throughout Canada.

Mr. BLACKMORE: Has the Health League of Canada anything to do with that organization, directly or indirectly?

Mr. CLAXTON: No connection whatsoever. It is possible that the health league or some of its officers may have been helpful in the inauguration of the Canadian cancer society in 1938, and suggested its formation. But I do not think its activities with regard to cancer go any farther than that.

Mr. BLACKMORE: We must take it from what the minister has said that he desires no further discussion in the house this year on the matter of cancer. He does not want any discussion in any way whatsoever as to the seriousness of the disease, any discussion as to the possible means of finding a remedy, any discussion as to the activities his department should take in order to make sure that a remedy may be found, or that it would be publicized, introduced and applied throughout Canada when it is found. Do I take it from what the minister has said that from this time forward there is to be no more discussion in this session on the matter of cancer, under any heading?

Mr. CLAXTON: It is not for me to say what the house shall or shall not discuss. That is for the house to say, in accordance with its rules. Certainly the rules are clearly laid down, and the hon. member well knows that when we are in committee of supply only those matters pertinent to the item before the committee are to be discussed. The hon. member for Lethbridge must know that better than I do, because he has been here longer than I have. If there is an appropriate time for the further discussion of cancer, I would welcome it. But with all respect I must say, and I think the hon. members who have been here during the discussion we have had on cancer will agree, that we have already had a very full discussion of cancer in connection with these estimates.

Mr. CASTLEDEN: I believe that the Health League of Canada is deserving of the support of all parties in the house, and that the increase in this year's estimates will have the support of all. The league is doing outstanding work, a work which I believe is not equalled in any other country. I believe that at this time branches have been established in all the provinces.

Its great work has been in the field of adult education, and its success in securing the support of the daily and weekly newspapers in practically all cities across Canada is some indication of the value of its work. I believe, too, that it has received free advertising on Canadian street cars which could be valued at some tens of thousands of dollars. Its works in matters of nutrition and in public education based on good health seem to be sound, and have received the approval of the general public.

The committee has had ample opportunity to see some of its work. Through its efforts and those of the government we have had the privilege of hearing such men as Doctor Sigerist of Johns Hopkins university, Sir Wilson Jamieson from the British government and, more recently, Professor Tisdall of Toronto. The committee will welcome this increase in the vote, and we would hope that in the near future it might get back to the figure of $20,000, at which it stood some years ago. I should be remiss if I did not pay tribute to Doctor Gordon Bates, who has been in Ottawa frequently urging members to show an interest in this matter, because the league knows that the support of public men in Canada is most valuable to it in carrying on its educational work.

Mr. HAZEN: What is the membership of the Health League of Canada? How many branches has it, and where are they located? What is its annual income? How many of its officials are paid, and what are their salaries?

Mr. CLAXTON: The latest statement in my possession shows an income of $78,811.51. I believe it has branches in several provinces.

Mr. HAZEN: One or more?

Mr. CLAXTON: I believe it is organized on a basis of provincial branches. It has a small staff of paid full-time workers.

Mr. BLACKMORE: There were two or three extremely important matters pertaining to the study of cancer and the seeking of a cure which I wished to discuss this afternoon. The minister has prevented my discussing that matter, and from bringing in matters which I consider of great importance. I want it to be known, and to be recorded in *Hansard* that the minister is responsible for preventing that discussion.

The CHAIRMAN: Order; I think the Chairman must assume the responsibility. It is the Chairman who must see that the rules of the committee are followed by all hon. members. Standing order 58 (2) states:

Speeches in committee of the whole house must be strictly relevant to the item or clause under consideration.

It is my responsibility to ask hon. members when in committee to direct their remarks to the item under consideration.

Mr. BLACKMORE: I grant that, and bow to your ruling. But I draw attention to the fact that if one will go right through the items listed under the Department of Health and Welfare he will find that cancer is not mentioned in any one of them. I think that makes it clear that you, Mr. Chairman, if you so chose, could rule out a discussion of cancer under any of these items. That is a serious matter. The result is that the interpretation of items is left in the hands of the Chairman—and I have noticed that the Chairman is generally guided by the minister whose estimates are before the committee.

The CHAIRMAN: I must correct the hon. member for Lethbridge. My actions are guided by no hon. member, whether he be a member of the government or any other hon. member. I am in the hands of the committee, and it is my duty—and I hope I am performing it—to follow out at all times the instructions and wishes of the committee.

Mr. BLACKMORE: I am not going to say more, but I just wish to have it clearly understood that it is either you, Mr. Chairman, or the minister who has prevented a discussion of cancer, and prevented the bringing forward this afternoon of matters which, in my judgment, would be of great importance in connection with the discovery of a cure for cancer.

Mr. HAZEN: I asked two questions to which I did not receive answers. What is the membership of the league; what are the names of the paid employees, and how much are they paid?

Mr. CLAXTON: I have not the names nor salaries of the employees. The support of the Health League of Canada is to a large extent on the basis of affiliated organizations. A large number of organizations support it, receive its publications and the like. I have not a note as to the number of members, nor do I think there is any such record here. It is not an organization which charges a membership fee of a dollar or ten dollars. It is a voluntary organization primarily for educational purposes, and very largely supported by other institutions.

Mr. HAZEN: The committee would be interested to know the size of the league. We are asked to vote money for it, and we should have some idea of how it is constituted and of what its membership consists. What is the total amount paid in salaries by the league?

Mr. CLAXTON: I have not that information, but I am sure that by using the long distance telephone I could secure that information before eight o'clock.

Mrs. STRUM: The other night Doctor Bates mentioned that a film was to be made in connection with the pasteurization of milk. Will some money be transferred from this vote, or will the cost be borne wholly by the film board?

Mr. CLAXTON: If a film on pasteurization is decided upon it would be financed by the Department of National Health and Welfare out of one of the votes for information. The film would then be shown by various means throughout Canada and one or more prints of it would be made available to the health league of Canada. The health league would also assist with technical advice in the preparation of the film. It is planned to have such a film at the present time.

Mrs. STRUM: If the health league of Canada considers that this vote is sufficient, I am happy to support it, but I think it is a small sum to vote to such a valuable organization. The results it has achieved, particularly in connection with publicity, have been remarkable.

Mr. CLAXTON: I agree emphatically with what the hon. member has said. I would point out that the work of this organization should not be measured by the size of this grant. While the grant is substantial in itself, it is perhaps more important in showing the interest of the federal government in the work, and it may be that this is useful as a spark plug in assisting the organization to secure a large part of the support it gets. For instance, in connection with its campaign on immunization it was able to secure many tens of thousands of dollars worth of free publicity because of donations made by national advertisers and others. It has an

active executive head in Doctor Gordon Bates, and I think we can look forward to its doing valuable promotional work in this field.

Item agreed to.

Miscellaneous grants—

236. Canadian National Institute for the Blind, $18,000.

Mr. ROSS (St. Paul's): Is this the same amount as was voted last year for this institute?

Mr. CLAXTON: Yes.

Mr. ROSS (St. Paul's): In view of the excellent work done by this institute is there any thought of increasing the grant?

Mr. CLAXTON: This same grant has been paid since 1931. The Canadian National Institute for the Blind, and the other institutes for the blind which are mentioned, have done exceedingly fine work, particularly in training the blind to look after themselves. This is only part of the money they receive, and the work they do must not be measured by the size of this grant.

Mr. ROSS (St. Paul's): I notice that the three other organizations which I assume carry on in the province of Quebec are receiving a total of $12,000, while only $18,000 is being given to the Canadian National Institute for the Blind which carries on work throughout the whole of Canada, including Quebec. Everybody knows about the excellent work it is doing and it is finding it a little hard to get sufficient money with which to carry on. Does the institute receive anything from the Department of Veterans Affairs for the work it does in connection with blind veterans?

Mr. CLAXTON: I cannot answer that. I would point out that the income of the Canadian Institute for the Blind is considerable, being something close to $700,000.

Mr. ROSS (St. Paul's): It is more than that; it runs to between two and three million dollars because of its commercial work.

Mr. CLAXTON: The last statement we have shows its total income for the year ended March 31, 1944, as $675,901.20.

Mr. ROSS (St. Paul's): That would be subscriptions and donations only, but the rest of its total income is from commercial work. It gets a couple of million dollars from that.

Mr. MacNICOL: I believe the value of this vote is in the impetus it gives to a large number of men and women who are associated with the Canadian National Institute for the Blind across Canada to carry on its efficient and splendid work. I believe the head of this institute, Lieutenant-Colonel Eddie Baker, was the founder. Lieutenant-Colonel Baker had the grievous misfortune of having his eyes drawn out by the suction of a shell that passed near his face during the first great war. Fortunately the shell did not hit him or he would have been killed. I believe he has been given some other title, an O.B.E. or something like that, and he is certainly worthy of any title this country can give him.

He has done marvellous work in connection with the national institute for the blind and the department is to be complimented upon supporting the work even to this extent. I presume if they had to have more the department would give them more. I agree with the hon. member for St. Paul's who states that many generous men and women throughout Canada are happy and willing to support this institute with time and means. We have all seen examples of their work. They have placed many blind men in booths in hospitals, city halls, public buildings and other places where they are able to make their own living. They have been given some purpose in life and it is interesting to note how happy they are. This wonderful work is worthy of support by the government.

Mr. PROBE: I notice there are grants to four institutions for the blind and I presume the minister can explain why four grants are necessary. Can he tell us something of the welfare work being done by the different institutions? I know something about the work being done by the Canadian National Institute for the Blind but I know nothing about the other three. I always thought the Canadian National Institute for the Blind was all-inclusive, but apparently it is not and perhaps the minister could give us a brief outline of the work done by the other organizations.

Mr. CLAXTON: Hon. members are familiar with the fine work done by the Canadian National Institute for the Blind, and I think I should say a word about the other three organizations. L'Association Canadienne Française des Aveugles is established in the province of Quebec, largely in Montreal. It carries on work corresponding to the work done by the Canadian National Institute for the Blind. It assists the blind by giving instructions in the manufacture of fibre brooms, whisks, mops and all that kind of thing. Training is given in piano tuning, and employment is found in this kind of work. The association also provides the blind with free transportation and provides meals for blind

workers. It organizes social activities for the blind. The grant to this association was first made in 1927. It was carried on until cuts were made, as in all these grants, in 1932, and it has since been at the present figure. This association is also assisted by the province of Quebec, the city of Montreal, and Federated Charities.

The Institut Nazareth is an organization established in Montreal. It has to do primarily with hospitalization of the blind and the education of the blind in music, classical studies, vocational training, and reading Braille. It supplies Braille books for the blind. Grants have been made to this organization from 1928 until they were reduced in 1932. Since then, the grant has remained at the same figure. This organization also receives a grant from the province, the school commission, and the city of Montreal.

The third organization, the Montreal Association for the Blind, carries on in Montreal activities similar to those carried on by the Canadian National Institute for the Blind. It has workshops where instruction is given in vocational training and in Braille. There is a school for the blind, particularly for blind boys and girls. It has a home teaching and social service department. This organization has received a grant from 1927 up to 1932, when like the others it was reduced. It also receives grants from the province of Quebec, the city of Montreal, and Catholic Charities.

I am in a general way familiar with the work of all these organizations, which are doing very good work. There is, I believe, no overlapping or competition between them, and the grants have been made to them, as I have said, for a number of years past.

Mr. PROBE: I am pleased with the minister's explanation of the need for these grants. I think we are all satisfied with his explanation, and with his assurance that there is no overlapping because that is exceedingly important. Those of us who do not live on the island of Montreal, when we see these three organizations centred in the island of Montreal, naturally hope that they are not getting special favours, and the minister has given us that assurance.

A query enters my mind in connection with the Canadian grants to institutions for the blind. Does the department make compensatory grants in all provinces for educational purposes for the blind and, if so, under what vote might such items be found? People in the city of Montreal are favourably situated for receiving musical instruction and the other advantages mentioned by the minister. Do the blind in other parts of Canada receive equivalent training through institutes for the blind, that might be available to them? How are these particular grants reconciled with the needs of the blind in other parts of Canada?

Mr. CLAXTON: My understanding is that the Canadian National Institute for the Blind does the job for all the rest of Canada. These three organizations in Montreal and the province of Quebec have gone on for some time, and two of them may have developed because of the difference in language. Of course, the majority of the people in the province of Quebec are French-speaking, and that may make a difference. I know that the Canadian National Institute for the Blind does give service in Quebec, but the same services are not, so far as I know, given to the same people who are served by other organizations.

Mr. ROSS (St. Paul's): I just wanted to point out the extra work that has been taken on by the Canadian National Institute for the Blind in caring for the blind casualties of the war. That is why I brought the matter up. They have a new hall in Toronto near where I live, Baker Hall, with room for fifteen or sixteen returned boys from overseas, but they have not room for the others whom they wish to take in and they have to make other arrangements. That costs money. The people of my city are very glad, of course, to subscribe. Many splendid subscriptions have come in from individuals, but it would encourage the organization if they were given a larger grant.

Mr. CHURCH: This institute, the Canadian National Institute for the Blind, was the pioneer in Canada in doing this wonderful work. It is headed now by Lieutenant-Colonel Edward Baker, a much decorated soldier and patriot. He was a brilliant engineer, a graduate of Queen's university, who went to the first great war and lost his sight. He has also lost a very fine young son serving as a brave officer with the navy in the second world war. This institute for the blind is largely dependent upon subscriptions, tag days and that kind of thing. But the time has come when this country should do more for the blind. We who sit around this building, costing $22,000,000, will be blind if the lighting conditions are not improved soon because we cannot see here without artificial light. I am afraid the minister is a little blind as to what this institute is doing. It has had a hard, uphill fight, but the directors with the aid of a very fine newspaper have carried on this work right along, without the recognition it should have from the public or govern-

ments. Many of the school children of our cities and towns have defective vision. The board of education in Toronto conducts special classes for those with defective vision, and the health department of our city has spent a vast sum of money for medical services and for care for those with defective vision and other complaints.

This matter of the blind is a national question affecting every country in the world. Blindness is the worst affliction that can happen to anybody, and all we are granting is a measly $18,000. A deputation going to New York over the week-end would spend that much. Every Tom, Dick and Harry, who wants to, can take a joy ride at the public expense nowadays. I am not objecting to trips. I have no time for any myself. We had a parsimonious controller, Controller Foster, afterwards mayor, in Toronto at one time. He was a member of this house for some time, and he used to call these trips "joy rides". They may not be altogether joy rides. Some of those going on these joy rides ride in chariots, others in planes, others in trains, none on foot. We cannot afford to spend all the money we do on conventions and curtail necessary work such as for the blind with pin-money. In last night's *Citizen* there is a picture of the Minister of Health and Welfare going to a convention in New York, accompanied by a whole retinue of A.D.C.'s, and so on. I do not object to trips, but I think they have been overdone, especially when people want retrenchment. I wonder whether parliament has any conception of its obligations to the men, women and children of this country who are suffering from the disease of blindness, and the number of soldiers and soldiers' children who require help. It is a national problem. I am not opposed to large expenditures for this national health department. It should be one of the main departments of the public service because, after all, what is life to anybody who has lost his health? This department should be expanded until it becomes the main department of the public service.

The CHAIRMAN: Order. I have had to remind other hon. members—

Mr. CHURCH: Thank you, Mr. Chairman, for calling it to my attention. It is a measly $18,000; it should be $180,000.

Item agreed to.

Miscellaneous grants—

241. Victorian Order of Nurses, $13,100.

Mr. LENNARD: Having had a great regard over the last few years for the splendid work which is being done by the Victorian Order of Nurses, knowing what a magnificent work they are doing across Canada, I should like to draw to the attention of the minister one or two facts in connection with this organization.

First, I feel that the grant is altogether inadequate. It was instituted some ten years ago and has never been increased; at least I believe the grant was the same in 1934 as it is to-day; and the order has increased considerably since then, and deserves far greater support.

Let us for a moment consider the following facts. The number of Victorian Order branches is 101. Of these, twenty-seven have been organized during the last ten years since the grant was set up.

The number of patients served during 1945 was 100,118. The number of visits made during that year was 756,984; of these 50 per cent were free and 18 per cent were part paid.

Home nursing service is provided for patients on returning from hospitals, thus releasing hospital beds for more acutely ill patients.

The federal grant has been $13,100 per annum since 1934. The number of branches has increased by 36 per cent during the last ten years. Revenue has been considerably reduced by declining interest rates and more especially by depletion of capital funds to cover operating deficits. Expenses have increased sharply with expansion of service, and it has been necessary since 1934 to offer scholarships and uniform allowances in excess of $70,000 to attempt to maintain and build up a force of skilled public health nurses to ensure an efficient and adequate nursing service throughout Canada.

The Victorian Order of Nurses is financed by assistance from several sources, such as fees from patients, fees from insurance companies, government grants, public and private subscriptions and donations; and to give the committee some idea of the necessity of more funds to carry on this great service, the financial statement shows that in 1945 excess expenditure over revenue was $42,575.38. Just at this moment it is possible to carry on by making up this amount by using capital from endowments.

To save time, and with the unanimous consent of the committee, I have a financial statement which I should like to place on *Hansard*.

The CHAIRMAN: Has the hon. member unanimous consent?

Some hon. MEMBERS: Agreed.

Mr. LENNARD: The statement is as follows:

Victorian Order of Nurses for Canada
National Office
Ottawa

Excess Expenditure over Revenue—General

Year	
1936	$4,114 90
1937	6,775 17
1938	8,022 71
1939	1,978 13
1940	566 89
1941	66 49
1942	3,277 52
1943	7,504 28
1944	11,772 12
1945	42,575 38
1946 Estimated deficit	46,550 00

Sharp increase in deficits from 1942 were chiefly due to payment of:

Scholarships	$ 4,800
Scholarships	6,150
Scholarships	24,350
Uniform allowances	5,025
Scholarships	25,000
Uniform allowances	6,000

These deficits have had to be covered by drawing on capital, thus depleting one of the main sources from which operating revenue is obtained.

I would urge the minister to give further consideration to increasing this grant when he is considering the estimates for next year.

Item agreed to.

General—
244. General administration, $94,369.

Mr. CLAXTON: Perhaps we might revert to item 228.

The CHAIRMAN: Before we proceed with item 244 does the committee wish to revert to vote 228?

Some hon. MEMBERS: Agreed.

Item stands.

Welfare branch—
228. Administration, $1,961,250.

Mr. FLEMING: When the committee rose on this item on Monday last there was a suggestion that the minister might review the item of $300,000 to be found on page 168 of the estimates under the heading "professional and special services." Is the minister now in a position to make a statement with reference to that item?

Mr. CLAXTON: When this item was before the committee before, I did endeavour to explain, to the best of my knowledge at the time, how it was arrived at. I might tell the committee that at that very moment the deputy minister of welfare was in Halifax meeting a number of representatives of welfare organizations and some of the provincial officers and was actually discussing the organization of this work.

This vote is designed to cover payments not provided for in other votes for salaries but largely to be made to people outside the government services in connection with the investigation of cases where it has been reported to us, or where we have got knowledge, that the family allowance money is not being properly applied by a parent. Hon. members will appreciate that, with 1,420,233 families in receipt of family allowances, there is bound to be a number about which the information on file is not complete, so that a further investigation is required. There are also cases about which there has been a suggestion or a report that the money is not being applied for the welfare of the child. If we did not have a service to do this work I am sure hon. members would feel that we were neglectful of our duty. I think all hon. members see the necessity of having an item of this kind, and the one question really is, how much is needed for the purpose?

The basis on which the estimate was prepared—and I would recall again to hon. members the fact that estimates are prepared in November of each year—was this: the dependents' allowance board and the dependents' board of trustees were agencies of the federal government which had under administration large sums of money which were paid to dependents of members of our armed forces. At one time the figure was as high as 550,000 to 600,000 recipients. It was a large-scale operation, and there it was found necessary to investigate a considerable number of cases. The basis of payment for these investigations varied, but usually it was $3.50 for each report, plus seven cents a mile for travel necessitated in making the report. It was figured that the average cost of making reports was $5, and when the dependents' board of trustees came into existence it made a standard payment of $5 for each report. That figure was taken by the officers of the department and discussed with welfare workers and others who had expert knowledge; it was found to be a suitable figure, and in arriving at our estimates in making the arrangements which we have already made it was done on the basis of $5 a report.

The next question was, how many cases would we be likely to have? In discussions with those who had the most experience in this field, it was found that we might expect to have as many as three per cent of the total number of families about whom reports would be required each year on one ground or another. That figure was considered to be a good estimate. The dependents' allowance

board had in one year 38,000 referals, as they are called, or 7½ per cent. We estimated, however, that it would be somewhere in the neighbourhood of 3 or 3½ per cent. On that basis we entered into an arrangement with Nova Scotia on the 1st of November under which the province undertook to make these investigations in consideration of a payment of $5 for each report, and it received a guarantee of $1,050.

Mr. BRACKEN: For what time?

Mr. CLAXTON: Per month. In Nova Scotia we are making payments to 76,473 families, and this payment of $1,050 a month represents about 3·3 per cent of the families there. On that basis we would require $230,000 yearly for reports across Canada. The figure of $300,000 was set down as including not only that $230,000, but also payments that might have to be made in connection with the administration of family allowance payments where there was no father, no mother, no children's aid society or anyone else responsible for the child. In such cases it has been found necessary to make some payment to an individual or to an agency for making a report and for handling the money, and on the basis of experience in this field it was considered that might amount to $50,000. The balance was considered as needed for administration.

When hon. members call attention to the fact that our expenses during the year ended March 31, 1946, were only about $6,000 under this item, I would point out that these expenses were only made in respect of the province of Nova Scotia and only made for a period of four months. If you apply even that expenditure of $6,000 to Nova Scotia for the full year and then take that figure as the one which is proper for all Canada, you have to multiply the $6,000 by 50. In other words, the payment to Nova Scotia is for about one-third of the year, and it is in respect of something like one-twentieth of the population. So that, to apply the Nova Scotia payment to all of Canada for a full year we should multiply the expenditure for Nova Scotia by 50. This brings us the figure of $300,000 which we seek for this year.

Hon. members will appreciate that this is not an easy service to establish on a sound basis. We gave it careful consideration before making the agreement with Nova Scotia and did not proceed with agreements with other provinces, or undertake to set up services in other provinces, until we had gained more experience. On the basis of the experience we have, we have now made arrangements with Manitoba and British Columbia and are considering what should be done in the other provinces. Our experience, I should tell the committee in all frankness, is that this figure of three per cent which we estimated might be the proportion of cases requiring investigation seems to us now, on the basis of our experience so far, a high estimate. It certainly will not be exceeded and we hope it will be very much reduced. I believe that the amount sought now in the estimate, in the light of this explanation, is justified in view of our lack of experience of anything that would warrant less. In other words, the figure is arrived at on the basis of past experience available. If our experience proves better than past experience, then we shall certainly not spend this sum and shall come back in another year and ask for less.

Mr. FLEMING: With all deference to the minister, the statement he has given us to-day has not, I suggest, contributed very much to the real information of the committee concerning the item. What the minister has said to-day has been largely a defence of the fact that he brought the item into the house in this large amount, and as to how it came about. The factors on which he has proceeded were taken into consideration seven or eight months ago, but that is not the situation with which we are dealing at the present time. It is not what was in the minds of the officials when they made up the item in November, 1945. The committee is going to consider the situation as we find it to-day. What is the situation? The fact of the matter is that, for the months of the last fiscal year during which this money was being used, a total of $5,995 was expended. We had it from the minister on Monday last that in the first two months of this fiscal year a total of $5,000 was expended out of $300,000. But what advantage do we derive from the minister's multiplication exercise on the basis of this service being in operation in all provinces for twelve months of the year? That is not the situation that exists. The minister has sought to defend the miscalculation in the need in this respect by saying that he had an agreement with only one province in the fiscal year 1945-46. But at the present time the dominion has agreements with only three of the provinces, and they are not the largest provinces, at that. We are not told what type of investigation is planned by the dominion in respect of the provinces with which the dominion does not sign agreements. Are we to infer that this money is to be required only in the case of provinces with which the minister enters into agreements? If so, the case that the minister has made out is a case for a very small amount indeed.

May I say with all possible emphasis that the case made out to-day in substantiation of

an estimate of $300,000 is a case which, on examination, will not justify the expenditure of more than $25,000 or $50,000. We are not concerned with multiplication on the basis of a situation which does not exist; we are concerned with the situation as it exists to-day. Agreements have been made with three provinces. One-quarter of the fiscal year has passed. This investigation service has not been established in six other provinces. In the face of that the minister still asks the committee to approve the appropriation of $300,000. For my part I wish to protest against an appropriation being sought in that way.

Mr. GILLIS: May I get a little information from the minister on the matter just discussed by the hon. member for Eglinton. Is he right in assuming that the investigations referred to will be carried out only in provinces where there are agreements?

Mr. FLEMING: That is not so.

Mr. GILLIS: That is the whole basis of his argument.

Mr. FLEMING: No, it is not.

Mr. GILLIS: I am not quarrelling with the hon. member; I merely wish to get the record straight. The minister defends the estimate on the basis of the fact that the agreement will be extended to include all the provinces. That is what he said the other day. To-day the hon. member for Eglinton comes back and says that the appropriation is too large and that there is no agreement with six of the provinces. It is possible that there will be no agreement with Ontario and Quebec, particularly if they follow the attitude adopted at the dominion-provincial conference. As I understand it, the Family Allowances Act applies to all the children of Canada with one exception, and I shall argue that point with the minister at some future time. Whether there is an agreement with the provinces or not, I think the investigations set up by the government are necessary, and family allowances should be applicable to all provinces whether the premiers of those provinces like it or not. Am I right in assuming that?

Mr. CLAXTON: Certainly. I must say I can understand the attitude of the hon. member for Eglinton, but he says that the estimate is not dealing with the situation which exists to-day. The item is to cover, not the service we have to-day, but a system which is in full operation, and which we are aiming to put into full operation as soon as we can do it in a sensible way. I must say that we are glad we did not go ahead and set up the kind of system we had in mind at one stage, which would have led to great expense, much more than $300,000. We were cautious about it and worked it out with one province. I think we gave them too high a guarantee. We do not expect to give any further guarantees.

But just take it as it is. The payment to Nova Scotia will be $12,600 per annum. Nova Scotia represents one-twentieth of the population of Canada, and we have to provide a service for all of Canada. In provinces other that Nova Scotia, Manitoba and British Columbia, we do these investigations now, in so far as they are necessary, through our own staff. But we believe that with changing conditions and the continued payment of family allowances, we ought to give a better service. We intend to give a service which will go right across Canada and which will, by one means or another, get precisely the same type of report in every part of Canada. In some provinces it will be done directly through the provincial agencies; but some provinces have not agencies of the kind which can do that work. In other provinces it will be more economical for us to make arrangements either with individual agencies directly or else even conceivably to employ personnel of the federal government. We want to do what is sensible and do the job with as little expenditure of money and as little trouble to the people as we can.

When the hon. member suggests that $25,000 or $30,000 would be enough—

Mr. FLEMING: I said $25,000 or $50,000.

Mr. CLAXTON: Yes. I have to point out that we are spending $12,600 in Nova Scotia, a province having one-twentieth of the population of Canada. With all respect, I point out that the amount mentioned by the hon. member is not enough. If we can get this service established just as quickly as we can on the basis of our experience, then we are going to need a large sum of money. How much it is I do not think anyone can tell on the basis of experience to-day. But for a full year it will be $300,000, or something in that neighbourhood. How much less than $300,000 it will be for this year I just cannot say, because it depends on how quickly we can get the job done and how cheaply we can do it. Therefore I would ask the committee to pass this vote in the light of the explanation given. To set down a lesser sum than $300,000 would be misleading. I can assure

hon. members that we shall spend just as little as we can to do the job as speedily as we can.

Mr. FLEMING: The minister has made reference to the agreements with Nova Scotia, Manitoba and British Columbia, and said that they provided for an investigation service at an agreed fee per case. I do not think he has said that that was all that the agreements provided for.

Mr. CLAXTON: I think that is all.

Mr. FLEMING: Do the agreements not go any farther than simply providing for an investigation service at a fee per case?

Mr. CLAXTON: That is right.

Mr. FLEMING: The next question has to do with efforts made to negotiate agreements with the other six provinces. Would the minister tell us briefly what negotiations have been undertaken in that respect, and what progress has been made?

At six o'clock the Speaker resumed the chair and the house took recess.

After Recess

The house met at eight o'clock.

PRIVATE BILL

SECOND READING

Bill No. 196, to consolidate and amend the acts relating to La Société des Artisans Canadien-Français — Mr. Fournier (Maisonneuve-Rosemont).

SUPPLY

The house in committee of supply, Mr. Macdonald (Brantford City) in the chair.

DEPARTMENT OF NATIONAL HEALTH AND WELFARE

Welfare branch—
228. Administration, $1,961,250.

Mr. FLEMING: I had asked one or two questions before six o'clock. Is the minister in a position to answer?

Mr. CLAXTON: Yes. The hon. member for Eglinton asked about the situation with regard to possible arrangements with provinces other than Nova Scotia, Manitoba and British Columbia, where we already have arrangements for family allowance investigations.

As hon. members know, the situation in each province differs in some respects at least from that in other provinces, with regard to the kind of organization they have set up to deal with social welfare problems. Just as the laws themselves differ, so do the organizations differ. It is not possible for me to go any farther than I have in describing the kind of arrangements we hope to make so as to secure adequate service in this respect in every province in Canada and in every part of Canada. In view of the variations between provinces it is not possible to arrive at identical agreements with regard to each province. All I can say is that discussions are taking place and the matter is being considered so that by one means or another we shall have adequate service provided in each province.

The hon. member for St. John-Albert asked questions about the Health League of Canada which I promised to answer. There are fifty-one organizations which have representatives on the council of the Health League of Canada, and a number of additional associations have close affiliation with branches of the league in different parts of Canada. I was asked by him, too, about the size of the staff. I find there are approximately twenty-five members on the staff of the Health League of Canada, with a payroll of about $40,000 a year.

They have divisional heads dealing with the five main objects of the association, namely venereal disease control, industrial hygiene, pasteurization, nutrition and immunization.

Since we are now dealing with family allowances, with the consent of the committee I should like to complete the information I put on *Hansard* last week regarding family allowance payments and statistics during the first eleven months of operation. At that time I said we hoped to get the figures for the final month, that is June, 1946, at a date which I thought might have been some time next week. I am happy to be able to say that we have those figures this evening and, with the unanimous consent of the committee, I shall place on *Hansard* the one table of statistics based on June, 1946, with respect to family allowance payments; in a second table, statistics showing the distribution by provinces, and in the third, a classification of families by number of children, based on family allowances paid in June, 1946. This information is given by provinces. The tables are as follows:

DEPARTMENT OF NATIONAL HEALTH AND WELFARE FAMILY ALLOWANCES DIVISION

Statistics based on June, 1946, Family Allowances Payments

Province	Number of families	Number of children	Average allowance per child	Average allowance per family	Total amount
			$ cts.	$ cts.	$
Prince Edward Island	12,021	30,456	5 95	15 07	181,149
Nova Scotia	76,764	183,048	5 96	14 21	1,091,034
New Brunswick	59,551	158,247	5 88	15 62	930,193
Quebec	405,812	1,145,797	5 85	16 53	6,706,662
Ontario	458,745	941,533	6 02	12 36	5,670,179
Manitoba	88,483	187,271	6 11	12 94	1,144,715
Saskatchewan	107,103	248,218	6 02	13 95	1,494,690
Alberta	104,655	231,312	6 02	13 30	1,391,911
British Columbia	108,325	205,785	6 06	11 52	1,247,526
Northwest Territories and Yukon	1,700	3,915	5 88	13 54	23,017
	1,423,159	3,335,582	5 96	13 97	19,881,076

NOTE:—Northwest Territories and Yukon adjustments amounting to $12,404 not included above.

STATISTICS BASED ON FAMILY ALLOWANCES PAYMENTS

JUNE, 1946

—	P.E.I.	N.S.	N.B.	Que.	Ont.	Man.	Sask.	Alta.	B.C.	N.W.T. and Yukon	Total
1. Number of families	12,021	76,764	59,551	405,812	458,745	88,483	107,103	104,655	108,325	1,700	1,423,159
2. Number of cheques issued	11,927	76,008	59,477	404,387	453,869	88,722	106,249	103,864	108,027	523	1,143,053
3. Number of children	30,456	183,048	158,247	1,145,797	941,533	187,271	248,218	231,312	205,785	3,915	3,335,582
4. Average children per family	2·53	2·38	2·66	2·82	2·05	2·12	2·32	2·21	1·90	2·30	2·34
5. Transfers from other provinces	47	124	96	284	746	293	402	182	626	14	2,814
6. Transfers to other provinces	44	179	150	371	789	322	447	165	536	3	3,006
7. Other address changes	69	1,207	620	9,960	4,396	924	1,230	952	2,716	7	22,081
8. Changes to higher age group	731	4,412	3,065	27,417	17,760	3,419	4,878	4,300	3,830	223	70,035
9. Percentage of monthly automatic changes	2·40	2·41	1·94	2·39	1·89	1·82	1·96	1·86	1·86	5·70	2·10

DEPARTMENT OF NATIONAL HEALTH AND WELFARE

Classification of Families by number of Children, based on Family Allowances paid in June, 1946.

Province	Number of Children														
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Prince Edward Island	4,388	3,005	1,829	1,172	689	440	256	141	56	31	11	2	1	–	–
Nova Scotia	30,019	19,714	11,787	6,656	3,959	2,366	1,176	624	292	122	40	5	3	1	–
New Brunswick	20,901	14,297	9,138	5,920	3,775	2,474	1,480	877	430	179	59	19	2	–	–
Quebec	128,030	99,991	64,346	41,147	27,156	18,515	12,143	7,143	4,055	2,056	818	260	129	11	2
Ontario	203,644	136,013	62,356	29,266	13,974	7,166	3,489	1,690	717	289	119	17	4	1	–
Manitoba	37,865	25,911	12,547	6,115	3,145	1,495	805	363	157	53	20	5	2	–	–
Saskatchewan	39,857	31,002	17,349	9,284	4,683	2,556	1,270	621	314	114	41	10	–	2	–
Alberta	40,496	31,385	16,814	8,406	4,050	1,911	886	438	171	66	25	7	–	–	–
British Columbia	49,156	36,877	12,728	5,712	2,197	972	397	179	76	23	6	2	–	–	–
Northwest Territories and Yukon	664	418	295	168	101	34	14	5	1	–	–	–	–	–	–
Total	555,020	398,613	209,189	113,846	63,729	37,929	21,916	12,081	6,269	2,933	1,149	327	141	15	2

It is only right that I should say it is really a remarkable feat of the treasury officials who are primarily concerned in the preparation of this material that when the last cheque was issued from regional offices in the nine provinces on June 22, making the twelfth payment of family allowance cheques, the information should be available in this form to-night, six days later, so as to complete the record for the full year. We will, as soon as we can, relate the additional figures I have just filed to those filed with regard to the first eleven months, and issue those so as to give a complete statistical account of family allowance payments for the first year of operation.

If I might, I would make a further comment on something said this afternoon by the hon. member for Broadview. Ordinarily one would not take the time to comment on anything he might say with regard to representation at an international conference, or anything of that kind. However, in view of his remarks and the newspaper photograph he was showing, which I understood was a photograph of the Canadian delegation to the world health conference which is now being held at Hunter college in New York, I wish to say this. His references to joy rides or something of that kind might ordinarily be ignored, but on this particular occasion there were included in the Canadian delegation three distinguished doctors. I refer to Doctor Charles W. McMillan, president of the Canadian Public Health Association; Doctor T. C. Routley, executive secretary of the Canadian Medical Association, and Doctor Groulx, health officer of the city of Montreal. Everyone who knows anything about public health in Canada will recognize them as being outstanding in their fields.

These gentlemen consented to become part of the Canadian delegation. They went to New York without remuneration and arrived there before the conference began so as to become familiar with its work. They have put in long hours in loyal service to the people of Canada. I would not mention this except that I have worked with them and I feel that they might misconstrue what has been said by the hon. member for Broadview. I am sure the hon. member had no such intention. In referring to this department he stated his desire to see it become the major department in the service of the people of Canada, which I think indicates his intentions.

When conferences such as this are being held, at which representatives of Canada work with representatives of other nations to arrive at a basis of international cooperation, it is important that on technical subjects we should be able to secure the attendance of not only representatives of the government and of the civil service of Canada but outstanding representatives of other fields of endeavour. It will not be easy for any government in Canada to secure that representation if remarks such as those that were made this afternoon are allowed to go uncontradicted.

These gentlemen are outstanding. They have worked long hours day by day through the heat of New York and they have done an outstanding job for Canada. We hope we shall be able to secure the services of equally distinguished people to assist Canada in making an effective presentation of her case at world conferences when it is our duty to attend such conferences. To serve Canada these gentlemen have sacrificed time that would have been spent on their own businesses or a well-earned holiday.

Attendance at one of these conferences is nothing in the nature of a "joy ride." Nor is it a joy ride to spend two or three days in New York and then try, during the remainder of the week, to do the work which would ordinarily be done in the whole week. It is no joy ride to work long hours with representatives of other countries, and it is no joy ride to spend yourself, as these gentlemen have been spending themselves, in the interests of their fellow Canadians and of mankind.

Mr. FLEMING: The minister has not told us what steps are being taken by the department in the absence of agreements with the other six provinces with reference to investigations. I would ask him to tell us briefly of the plan he is following in provinces with whose governments there is no agreement.

Mr. CLAXTON: I believe I said this afternoon, perhaps not sufficiently fully, that in each province we have a regional office which has to do with family allowance administration, and in those offices are a number of people who deal with these cases. In Prince Edward Island most of the cases have been dealt with by Major Nicholson, the regional director. In the larger provinces welfare supervisors have been appointed and these investigations are made by permanent employees under their direction. We are assisted greatly by the voluntary work of representatives of children's aid societies, welfare organizations, churches, municipalities and other bodies. So far, this voluntary assistance has enabled us to do part of the job, but as we go along we shall either make arrangements with the provinces that have welfare organizations or engage our own staff to complete the picture so as to give service in every part of Canada.

Mr. PROBE: On May 31 when the estimates of this department were before us the hon

member for Yorkton brought to the minister's attention what looked like a case of maldistribution in departmental personnel across the country. He pointed out that of 197 persons in one branch of the department there was only one stationed in Saskatchewan, a province that is trying to take large forward steps in the field in which the minister is interested. We have in Saskatchewan one-half of one per cent of the staff doing this type of work throughout the dominion, for a population totalling seven per cent of the country as a whole. That does not suggest a fair distribution of the department's personnel.

I cannot find fault with the Minister's explanation to the hon. member for Yorkton, but his reply made me curious about the staff in Regina which handles family allowances. I happen to know a number of the persons employed in that branch and I can say that many of them have not had previous experience in national health and welfare work. I presume they have been selected for their administrative qualities.

The details of this item show an amount of only $63,270 for the permanent staff in the family allowances division, while $774,480 is being provided for temporary assistance and $225,000 for what is called casual labour. Is provision to be made in the future for a larger proportion of permanent employees? It seems to me that we have too much of the temporary and casual type of help in a large number of departments. The establishments are not sufficiently well organized that permanent employees can be appointed after examination by the civil service commission. Would the minister give the number of persons employed by his department at Regina, both permanent and temporary employees, together with any recent figures he has on the employment of casual labour?

Mr. CLAXTON: The number of employees in the health branch of the department in Saskatchewan is four on a permanent basis and ten on a temporary basis, making a total of fourteen. In the welfare branch, all related to family allowance administration, there are thirty-eight temporaries, and the establishment of that regional office is forty-five.

As I have explained before, and as hon. members know, in a department which is just being set up the practice is to create almost all positions as temporary until it is found that they are really necessary to do the job. Then they are made permanent positions and permanent appointments are made to those posts. The reason why we have a considerable number of casual assistants was that in undertaking the work of registration and verification of families for the family allowance we had to deal right at the outset with all the children in Canada under sixteen years of age, that is with sixteen years of children, whereas once the system gets going we have only to deal with the children born each year. In other words, the administrative problem at first was one of dealing with something like sixteen times the normal load.

Mr. PROBE: Did not the women's voluntary services assist considerably in that work?

Mr. CLAXTON: Very much so. But as I was going on to say, in order not to create a permanent establishment very much larger than was necessary to do the job, we employed people in every regional office on a casual basis, as it is called. The hon. member for Regina City has referred to the great help given by various agencies, particularly women's voluntary services in the different capitals of the provinces of Canada during the time of registration, and I myself have already referred to that in previous discussions of this subject. We were very fortunate to secure in every province the assistance of large numbers of women volunteers to assist in the preliminary work of opening envelopes, sorting applications and doing the preliminary processing of them. The number of people who assisted in that way was several thousand. Had it not been for that assistance it would have been difficult indeed to begin payments as we did on July 18, 1945. Once the preliminary work of processing applications was done, however, we did not look to voluntary assistance any further. But again I pay tribute to the great help we received in that way.

Mr. PROBE: There is another feature I would mention. In some of the offices casual labour in certain age groups is employed which perhaps is not entirely justified by labour market conditions. For instance, a person was employed who was seventy-eight years old, and another was drawing the children's allowance while employed by the department, if my information is correct. I think some regard to age should be paid in taking on even casual assistants. I presume that all those appointed to the temporary staff in the Regina city office have qualified by passing civil service examinations?

Mr. CLAXTON: That is right. As to casual assistants, if the hon. member has any names or suggestions as to people who are not efficient, I shall be glad to have them. But at the time when this job was undertaken more than a year ago it was not so much a question of selection as it was of getting almost anyone who could do almost any kind of work at all. Gradually the staff has been worked into a pretty coherent whole and it is doing a good job.

Mr. PROBE: I presume the fact that one of the casual assistants was receiving the children's allowance in her own behalf would not be a bar to employment?

Mr. CLAXTON: No.

Mr. PROBE: What about the employment of persons in the very senior age group, say a person of seventy-eight?

Mr. CLAXTON: I must say that I have never heard of anyone who was seventy-eight in any civil service position.

Mr. PROBE: I should like to discuss that with the minister some time.

Mr. CLAXTON: Hon. members know it is difficult for some of those who are sixty-five years of age or so to secure appointment to any position in which there is any competition at all, because of the retirement at age sixty-five rule which ordinarily applies.

Mr. CASTLEDEN: Would the minister put on the record the numbers on the temporary and permanent staffs for Manitoba, Saskatchewan and British Columbia for the two branches of his department?

Mr. GILLIS: Why not make a job of it and give the figures for all of Canada.

Mr. CLAXTON: With the consent of the committee I shall be very glad to do that.

The CHAIRMAN: Has the minister unanimous consent?

Some hon. MEMBERS: Agreed.

Mr. CLAXTON: This table shows the staff distribution by permanents and temporaries as at March 31, 1946. I gave a figure of thirty-eight a little while ago as the total of permanents and temporaries for Saskatchewan. That was as of March 15, 1946. The figure in the table for March 31, 1946, is thirty-six, showing a decline of two in the total staff in those two weeks. I should make this further explanation, that the table includes the total staff of the department. The figures for the welfare branch include the headquarters staff and the staff additional to that engaged on family allowance. In all the provinces the figures for the welfare staff are the staff exclusively engaged on family allowance administration. We have no welfare staff in any province beyond that engaged in family allowance administration.

(*Table appears on next page.*)

Mr. FLEMING: On another aspect of this item, it will be recalled that at page 2764 of *Hansard,* the minister, in dealing with costs of administration of family allowances, included costs from three departments: his own, $1,850,000; Department of Public Works, $80,000; treasury, $1,944,000; or a total of $3,874,000, including $636,000 for postage paid by the treasury on family allowance cheques. I should like to ask the minister if that is a complete summation in all respects of the cost of administration. Is there no cost, for instance, in the Department of National Revenue in connection with the adjustment in respect of income tax exemptions? Is there any cost in the Department of Trade and Commerce, either there or through payments made to the provinces, in connection with vital statistics information and birth certificates? Is there any expense in connection with the administration of the Department of Mines and Resources on family allowance work—or in any other department?

Mr. CLAXTON: With regard to the Department of National Revenue, that is not an expense against family allowance administration. There is, as the hon. member knows, a pay-back by some of the recipients of family allowances on account of the adjustment between income tax and family allowances, but there is no additional cost of family allowance administration there. With regard to the Department of Trade and Commerce, in respect of the vital statistics branch of the dominion bureau of statistics, all the items which relate to family allowances are paid for out of the family allowance vote. We make a payment to the dominion bureau of statistics for the services they render in this connection. With regard to Mines and Resources, in connection with family allowance payments to Indians and Eskimos, there is no additional payment. We have at Ottawa a regional office of family allowances dealing with family allowance payments for the northwest territories and the Yukon, and we there record the registrations, verify the births and issue the payments. It is of course possible that the burden on the Mines and Resources staff has been increased by reason of the fact that they have to help in the administration of family allowances payable to Indians and Eskimos in the northwest territories and the Yukon and also in other parts of Canada. They have assigned one of their officers to act as liaison officer in this connection, but he was previously an employee of the department. Consequently there is no additional expense in Mines and Resources, identifiable as such, though possibly it could be worked out that some part of the overhead of the department might be applicable to this extra work.

STAFF DISTRIBUTION BY PERMANENTS AND TEMPORARIES AS AT MARCH 31, 1946.

Branch	Head-quarters	Over-seas	P.E.I.	N.S.	N.B.	Que.	Ont.	Man.	Sask.	Alta.	B.C.	Yukon and N.W.T.	Total
Administration—													
Permanent	41	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	41
Temporary	110	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	110
Total	151	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	151
Health—													
Permanent	105	5	.....	27	11	19	29	14	4	9	45	4	272
Temporary	152	6	.....	47	10	24	17	53	10	21	104	11	455
Total	257	11	.....	74	21	43	46	67	14	30	149	15	727
Welfare—													
Permanent	13	.....	.....	3	2	8	10	5	.....	3	3	.....	47
Temporary	28	.....	9	35	20	113	131	37	36	37	27	.....	473
Total	41	.....	9	38	22	121	141	42	36	40	30	.....	520
Total—													
Permanent	159	5	.....	30	13	27	39	19	4	12	48	4	360
Temporary	290	6	9	82	30	137	148	90	46	58	131	11	1,038
Total	449	11	9	112	43	164	187	109	50	70	179	15	1,398

Mr. FLEMING: Has any thought been given to compensating the private welfare agencies for the additional work which has been cast upon them in the course of administering family allowances? I am thinking in particular of children's aid societies. Undoubtedly in the administration of family allowances through these societies there has been a great deal of extra expense incurred by them, and it would be only fair that they should receive some compensation for their extra work.

I have before me an extract from the report of the Children's Aid Society of the city of Toronto for the year ended September 30, 1945. Mr. Mills, the general superintendent, after speaking approvingly of the recent increase of $4 a month in the rate for the foster homes made possible by the family allowances, said in his report to the annual meeting that, "other than this, the family allowances have brought little, if any, relief to our funds, as they are deposited in a trust fund for each child, expenditures from which are required for additional benefits. The bookkeeping and other services in connection with the allowances are colossal and especially embarrassing at a time of acute shortage of both clerical help and office staff." May I ask the minister if any thought has been given to trying to assist in easing the burden of cost on these welfare organizations?

Mr. CLAXTON: I should like to say that the department and the family allowance administration have the closest and most cordial relations with all welfare agencies throughout Canada, and particularly the children's aid societies, and I should like to link with them the name of Mr. Robert Mills, who has been particularly cooperative. The question the hon. member raises is one which has been put to us by the children's aid societies, and it has received a great deal of consideration and has been the subject of discussion with them. We think that, whereas it is pretty clear that the administrative costs of the societies have gone up owing to their being so useful in connection with family allowance administration, on the other hand the charges on the funds of the societies must have been relieved directly or indirectly, by an offsetting amount. This, I may assure the hon. member, is receiving consideration and will continue to do so. It would be difficult to work out a scale of payments, and our view so far is that what has been added to administrative expenses has been more than offset by the benefits to the wards of the children's aid societies themselves.

Mr. FLEMING: One further question. The family allowance regulations, as I understand it, were passed in part under the authority of the War Measures Act. Has the authority given by the Family Allowances Act itself been exercised in connection with the regulations promulgated in relation to family allowances?

Mr. CLAXTON: I was not aware of the fact that any part of the family allowances regulations was passed under the War Measures Act. The preamble to the regulations does not refer to the War Measures Act. The operative part of the order in council, which was passed on August 3, 1945, P.C. 5093, reads:

> His Excellency in Council, on the same recommendation and under the authority of the Family Allowances Act, 1944, is further pleased to make the family allowances regulations hereto annexed and they are hereby made and established accordingly.

Further, the regulations which were adopted under order in council dated November 6, 1945, P.C. 6588, refer again to—

> . . . the authority of the Family Allowances Act, 1944.

Finally, the regulations adopted on June 7, 1946, by P.C. 2316 refer again to—

> . . . the authority of the Family Allowances Act.

So that I do not know of any regulations whatever adopted under the War Measures Act.

Mr. GILLIS: I should like to get a little further information on the question as to where the children's aid society fits into the mechanics of the provincial organization administering the act. I understand that there is a head office in Halifax.

Mr. CLAXTON: That is right.

Mr. GILLIS: In the rest of the community, what machinery has been established that is directly under the control of and paid for by the department, directed by the Halifax office? The children's aid society is kept up largely by a grant from the provincial government, is it not?

Mr. CLAXTON: I do not know about that.

Mr. GILLIS: And the function they now perform across the country is that of carrying on the work of investigation about which the minister was speaking. The federal government, by agreement, is paying Nova Scotia $5 for each report submitted by whoever is making the investigation, and if that is true and children's aid societies are used in the communities to carry out investigations, and there is not much travel involved, I think $5 per report is of considerable assistance to the organization. Personally, I think that, while these voluntary organizations may be doing some useful service, that kind of thing is not satisfactory. If the federal government under-

takes to pass a statute laying down certain regulations it should be responsible for the administration of the machinery and should have adequate staffs in each province to carry out the work. I do not think that any voluntary organization, no matter how honest or sincere it may be, has either the time or the facilities to do the kind of job that should be done. I recognize that the department started this thing and has made very good progress, and it is necessary to use various agencies because of shortage of man-power and woman-power. But in the final analysis, this being a permanent act, it will have to be administered by permanent officials. To have this work done by people who are on the job eight or nine hours a day doing their own work and who then try to carry on with other work in the evening or on an afternoon when they happen to be off duty is a method that does not make for efficiency. I should like to have the minister outline the mechanics in Nova Scotia, from the head office into the community, explaining how he gets the report back and exactly what part the children's aid society plays in the administration of the act in the province.

Mr. CLAXTON: I appreciate the remarks of the hon. member for Cape Breton South. The set-up with regard to the family allowance administration in Nova Scotia is this. Family allowances come under the director of family allowances, who is located in Ottawa, and there are nine provincial offices. In Nova Scotia, as in the other provinces, the provincial office is located in the capital of the province. When the family allowance office there receives an application for registration which may not give satisfactory information and this cannot be obtained by correspondence, which is the ordinary method used first, or if a report is received from one source or another indicating that someone is not applying the money for the benefit of the child, then in either event, the family allowance administration, under the arrangement worked out with the province of Nova Scotia, sends a request for a report on the matter. That is sent to the welfare department of Nova Scotia. That department then gets a report either through its own employees or through the children's aid society, if there is one in the locality. Not all the territory of Nova Scotia is covered by children's aid societies.

The hon. member suggested that we should have our own officers in every part of Canada to do this job. There is a lot to be said for that; but had we started to do it in that way and had set up that scheme back in July, 1945, we would have found it exceedingly difficult to get adequate staff and there would have been a great tendency to have at least one inspector for each electoral division across Canada. That would have been an easy way to deal with the matter administratively. It is followed in the case of the census and other things and that would have been the natural pattern. Moreover, that kind of set-up would not have been out of line with our own preliminary estimates of the need. Had we done that, I feel that, so far as we can see the need now, we would have spent a lot of money that we did not need to spend. We are still looking at the whole problem—that is what the hon. member wants us to do—and as I explained earlier to-day we hope to have an adequate service for every part of Canada worked out in the best possible way for that particular part and at the lowest possible cost to the people of Canada.

Mr. GILLIS: I do not want the minister to think I am critical of what has been done in Nova Scotia. He has there one of the most efficient set-ups in the dominion. They have done a marvellous job in the short time they have functioned. I have not received a complaint in any form, and I have had much to do with the Halifax office. It is, in my opinion, one of the most efficient offices the government has set up.

Mr. CLAXTON: I am glad to hear that.

Mr. GILLIS: My point, however, is that I am a stickler for permanent officials where there is a permanent act to be administered. Under those conditions I do not believe in voluntary effort.

Item agreed to.

Demobilization and Reconversion — National Health and Welfare—

572. —Old age pensions and pensions to the blind, $9,274,050.

Mr. MacNICOL: Is the minister able to give the committee any hope that within a reasonable length of time the age limit for the reception of pensions by our aged folks will be reduced from seventy to sixty-five, and can he say whether the amount given to the old age pensioner will be raised to a living allowance?

Mr. CLAXTON: When this item came up in the main estimates I did refer to the dominion government's proposals to the dominion-provincial conference. I do not think hon. members would wish me to refer to it again. In his budget speech last night the Minister of Finance dealt with the policy of the dominion government with regard to social security measures. Hon. members will find that in *Hansard* for yesterday at page

2992, where the attitude of the government is stated. In supplementing the answer, I might say that some time ago the Minister of Finance, who was then administering old age pensions, expressed the willingness on the part of the federal government to consider reductions in the age limit, quite apart from the dominion-provincial proposals. I cannot add much more except to say that, as I stated earlier in the week, we have arranged to call a conference of the inter-provincial committee on old age pensions, which we suggest should meet at Ottawa on September 16. It is not intended that the committee should deal with fundamental questions of policy, but with the application of the regulations as they exist.

Mr. MacNICOL: The minister is aware that in England, New Zealand and Australia the age limit of men and women for the receipt of old age pensions is much lower than it is in Canada. I believe it is sixty-five for men and sixty for women. Hon. members are frequently asked by pensioners and those who are anticipating receiving pensions if and when Canada is to be put in a position to do what other countries are doing in that regard.

Mr. CLAXTON: The situation with regard to the countries mentioned by the hon. member is that in the United Kingdom old age pensions are payable to males at age sixty-five and to females at age sixty without a means test. That is a retirement pension. It is compulsory for everyone having income of over £75. It is going into effect this year, 1946-47.

Mr. MacNICOL: What is going into effect?

Mr. CLAXTON: The measure which has been adopted and which is now going into effect.

Mr. MacNICOL: In Canada?

Mr. CLAXTON: In the United Kingdom. That, of course, is on a contributory basis. It is included in the total social insurance contribution which is paid by practically the whole population.

In Australia they have a means-test plan under which pensions are payable to males at age sixty-five and to females at age sixty. The pension is 32s. 6d. per week, or $5.77 at the current rates of exchange. It is payable out of the welfare fund to which there is a substantial contribution paid by individuals. It is 7½ per cent on incomes of most individuals and it is payable in respect of incomes over $360.

In New Zealand there is a dual system; one payable without a means test to males and females at the age of sixty-five, and a means-test plan payable to males and females at the age of sixty. It is going to take some time to put both plans into effect. There again, it is payable out of a social security fund, to which individuals pay 7½ per cent on their total incomes from the first dollar.

In the United States there is a plan of survivors' insurance, payable without means test to men and women at the age of sixty-five. The amount payable is related to the average wage. About three-fifths of the gainfully employed people are covered and the employers and employees each contribute one per cent on the first $3,000 of wages.

Mr. MacNICOL: The first $3,000?

Mr. CLAXTON: Yes.

Mr. MacNICOL: Not very many workingmen in Canada get $3,000 a year.

Mr. CLAXTON: The employer and the employee each contributes one per cent on the first $3,000 of wages, so that practically everyone who is gainfully employed contributes.

Mr. MacNICOL: I do not understand the minister. Does he mean $3,000 a year?

Mr. CLAXTON: Yes, up to $3,000.

Mr. MacNICOL: Not very many Canadian workmen get $3,000 per year.

Mr. CLAXTON: The employer and the employee each contributes one per cent on the first $3,000 of wages. If a man earns $2,000 he pays one per cent. He pays one per cent on anything up to $3,000 of wages. If he earns $1,500 he pays one per cent.

In the United States there is a plan in effect whereby the federal government contributes to the state governments' provisions for old age assistance on a means-test basis to males and females over sixty-five. That is payable to needy aged. All together in all these four English-speaking countries, in respect of which there is a comparable standard of living, there is an old age pension plan, and all four of them are on a contributory basis.

Mr. MacNICOL: Has the minister the situation in respect of South Africa?

Mr. CLAXTON: I have not that before me. My recollection is that they are working on a new plan there.

Mr. FLEMING: My question has to do with items 572 to 580 inclusive under demobilization and reconversion on page 72 of the estimates. We have nine items that fall under the Department of National Health and Welfare, followed by three which relate to the national film board. The nine items total some $9,500,000 and, with the additional amount for the national film board, the total is practically $10,500,000. Having regard to the statement made in the house last year by

the government as to its intention to eliminate the demobilization and reconversion items from the estimates as soon as possible, why has it not been found possible to group these items with the items in the regular estimates of the Department of National Health and Welfare? I should like to know if this is merely temporary and, if so, what the particular reason for it is.

Mr. CLAXTON: Much the biggest item in the items referred to by the hon. member for Eglinton is the item covered by vote 572, old age pensions and pensions to the blind. This was introduced by order in council passed under the War Measures Act in 1942 and was designed to provide, in respect of old age pensions, something corresponding to the cost of living bonus. As I announced earlier this week, it is the intention of the government to bring in legislation at this session to put that change in the Old Age Pensions Act on a permanent basis.

The next item is for the treatment of Canadian fishermen and seamen. That is to provide for payments for the cost of treatment required by persons employed on ships of Canadian registry and seamen of Canadian citizenship sailing on vessels of any of the allied nations. That has been carried on, and it will not be continued beyond the period of reconversion.

Mr. FLEMING: What does the minister construe as the period of reconversion?

Mr. CLAXTON: Treatment may be claimed within a period of twelve months after the end of the war, and for injuries or illnesses originating prior to January 1, 1946.

Item 574 is a similar item. It is to provide treatment for non-resident merchant seamen while awaiting deportation, such deportation being impossible for the time being owing to shipping conditions, or to conditions in their countries of origin. So that, too, will totally disappear within the same period. It is decreased $10,000 from last year.

Item 575 is to provide a health unit at Prince Rupert, British Columbia. This is an amount of $4,080 furnished to the city of Prince Rupert to pay the salary of a medical officer whom the armed forces found it desirable to have at that point during the war. The amount of $2,040 will, we anticipate, be sufficient to cover the fiscal year, and there will be no continuation after that.

Item 576 covers health services in Halifax. This is an annual amount to assist the city of Halifax in maintaining and improving health conditions. Hon. members are aware of the fact that Halifax had an enormous increase in population, not only members of the armed forces, but also merchant seamen during the war. It was found essential to improve health services in connection with sanitation and so on during the war. This was a place where the increase in demand was peculiarly brought about by war conditions. Consequently this payment was provided for. It is a decrease from the amount which was previously paid. In 1945-46 the amount was $66,743.72, and it will stop this year.

Items 577 and 578 relate to payments for the chloramination of water systems at these points on the Pacific coast. During the years 1942-43 it was found necessary, to meet the requirements of our own armed forces and those of our allies, and the naval and merchant shipping, to instal chloramination systems in these localities. The cost of installation was borne by the federal government. The cost of operating the installation was also borne by the federal government. We have now worked out with all the localities arrangements under which the federal government will not carry on the cost in any event after the end of the present fiscal year.

In three cases the localities are acquiring chloramination plants from War Assets Corporation on terms which seem to be fair, and our obligations in this respect will totally end at the end of the calendar year.

Item 579 deals with the treatment of repatriated merchant seamen. This is an amount of $5,000 to provide treatment for those repatriated merchant seamen who have been prisoners of war, and not otherwise entitled to treatment. There was a provision, as hon. members know, for the treatment of deep-sea sailors and interprovincial sailors, under the Canada Shipping Act. This provides similar treatment for those sailors who were unfortunate enough to be taken prisoners of war. It will certainly terminate at the end of this year.

The final item in this category is No. 580, for the women's voluntary services. This is an amount of $7,000. During the war the Department of National War Services had a women's voluntary services division which did good work in organizing women across Canada to perform voluntary services. That division was transferred to the Department of National Health and Welfare not long ago. We anticipate that its work will not be continued by the department. We regard it as peculiarly a wartime activity, and our thought is that the functions which were hitherto carried on by that branch might more properly be carried on by voluntary organizations. This item of $7,000 is put in to cover the expenditure necessary on this division, pending its probable liquidation.

Altogether, items 572 to 580 amount to a total of $137,080, apart from the old age pensions provision. We anticipate that no part of these expenditures will be carried on after the end of the present fiscal year. These are definitely expenditures on demobilization and reconversion.

Mr. FLEMING: Without reference to items 572 to 580 inclusive, I take it that they are to provide for services which owe their origin to orders in council. This, I understand, will be the last year when such items will be found under the heading of demobilization and reconversion?

Mr. CLAXTON: That is correct.

Mr. FLEMING: Hereafter, if there are any services of a similar nature, they will be provided for in the ordinary votes?

Mr. CLAXTON: Completely correct.

Mr. PEARKES: Could the minister say with what three of the six areas indicated in items 577 and 578 agreements have been made?

Mr. CLAXTON: Nanaimo, Victoria and Prince Rupert have so far made arrangements of that kind.

Mr. REID: What is the position regarding chloramination for the cities of Vancouver and New Westminster? There was some controversy a number of years ago, and I am wondering if assistance is still being carried on. I believe the Greater Vancouver water district wanted to get rid of chloramination. Has the minister any information on the point, now that the heat has died down?

Mr. FLEMING: Not around here.

Mr. CLAXTON: The situation regarding the Greater Vancouver district as last reported to me is that there was an agreement dated December 15, 1942, under which the federal government installed the plant and paid the cost of operation. The approximate yearly cost of operating the equipment was $30,460. We have worked out with the municipality an agreement under which the federal responsibility for the operation cost will be ended as of March 31, 1946. With regard to the district of North Vancouver the situation is approximately the same. The agreement was dated February 18, 1943, and was terminated on March 31, 1946, by mutual arrangement. The approximate yearly cost of operating the equipment was $2,170.

Mr. REID: A short time ago the minister referred to some conference which was to take place this fall with regard to amending the old age pensions regulations. Last evening the Minister of Finance stated that letters had gone out to the provinces asking if they were willing to agree to certain suggestions made by the dominion government. If a province is willing to accede to the request of the dominion government, will that permit it to come in under any social security scheme such as was outlined at the dominion-provincial conference?

Mr. CLAXTON: I think the hon. member will find his answer in the statement of the Minister of Finance as reported at pages 2907 and 2908 of *Hansard*.

Mr. SKEY: Does the minister propose abandoning the whole scheme of old age pensions proposed at the dominion-provincial conference?

Mr. CLAXTON: At the dominion-provincial conference in August, 1945, the dominion government put forward a comprehensive programme for full employment, high national income and social security. The implementing of that programme is dependent upon agreements with the provinces, and those agreements have not been achieved. The present situation is as outlined by the Minister of Finance.

Mr. HARKNESS: The minister stated, when dealing with the item of $9,274,050 for old age pensions and pensions to the blind, that this was definitely a matter of demobilization and reconversion.

Mr. CLAXTON: If I gave that impression I certainly did not mean it and I do not see how any one could possibly take it from what I said. I said that that item would be carried into permanent legislative form by an amendment to the Old Age Pensions Act which we propose to introduce at this session to do just that thing. At that time that item will disappear.

Mr. HARKNESS: I understood the minister to say that it was definitely a matter of demobilization and reconversion, but if he says that it is not I am satisfied. Something was said about the age limit for pensions for the blind and I am sorry I did not get what the minister said. Is the present age limit for pensions to blind persons to be continued? I could never see how any age limit was justified. A person who is blind is handicapped whether he is ten, fifteen, twenty, thirty or eighty years of age.

Mr. CLAXTON: In its proposals to the provinces the federal government proposed that the pension of $30 a month to the blind should be payable to all blind persons who could qualify from the age of twenty-one years. In other words, we proposed to reduce the age from forty to twenty-one years, and increase the amount which might be paid from

$25 to $30. We also proposed to provide half the cost of treating those whose blindness might be prevented or cured by treatment. As the Minister of Finance declared, the social security programme of the federal government remains part of the policy of this government, but how and when it can be implemented will depend upon the willingness of the provinces to work out agreements.

Mr. SKEY: When the minister answered my question a moment ago I believe he tied in his answer with the fact that he did not propose to go any farther with dominion-provincial agreements because the dominion-provincial conference had been adjourned. I cannot see why provisions for old age pensions could not be dealt with at a separate conference. Also, I cannot see how a taxation agreement between a province and the Dominion of Canada could be related to an old age pension agreement which might be arrived at. Will the minister correct me if I am wrong?

Mr. CLAXTON: It must be within the knowledge of everyone who has studied old age pensions—and most hon. members have—that old age pensions are paid either on a means-test basis or as of right. The proposals made to the provinces provided for a payment of $30 a month to everyone at the age of seventy as of right, and payments of half the cost of pensions up to $30 a month in respect to people between the ages of sixty-five and sixty-nine based on a means test.

I think I am right in saying that in every country where a pension is payable as of right it is paid by virtue of contributions made by the individual, either in the form of a social security tax such as that of 7½ per cent as is imposed in Australia and New Zealand, or in the form of payments out of wages as is the case in the United Kingdom, or in the form of a one per cent payroll deduction paid by the employer and employee as is the case in the United States. Our old age pension proposal was part of a comprehensive set of proposals, and it will be found that the proposals made to the provinces in August, 1945, contemplated a contributory old age pension scheme.

Mr. SKEY: What amount was it anticipated would be paid by the individual?

Mr. CLAXTON: That was never definitely arrived at. It was discussed, and the kind of discussion was—I hope I am not revealing confidences, but this has been spread around a good deal—that there should be a social security tax of something in the neighbourhood of three or four or even five per cent.

Mr. SKEY: On income?

Mr. CLAXTON: Yes. We have given every possible consideration to this question of old age pensions, and I must say I do not see how the federal government can pay old age pensions which will be contributed to by the people except on a nation-wide basis. It is difficult to see how it could be done without either a constitutional amendment or by agreement with the provinces. I am not expressing any final opinion on that, but that is the view we have after the consideration we have given to it. If that is so, and I believe it is so, I do not see how we can have a system of old age pensions such as the hon. member seems to have in mind except on the basis that all the pensions are paid out of consolidated revenue. If the hon. member wants to propose that as the attitude of his party, it is an interesting point of view, but I do not think he does.

Mr. SKEY: I am only seeking information.

Mr. CLAXTON: The Minister of Finance in his budget speech last night referred to this as one of the social security measures which the federal government had as part of its progamme, but we cannot work it out in the existing situation. We hope to work it out just as soon as it is possible to do so.

Mr. ROSS (St. Paul's): Have the provinces been approached to see whether they would agree to this tax of three or four or five per cent as the case may be? What is to prevent the minister from going to the provinces and asking them if they are opposed to this social security tax being imposed? It does not enter into the general taxation agreement picture at all so far as I can see.

Mr. CLAXTON: Perhaps I should have said a word on that in answer to the hon. member for Trinity. In our view these things cannot be separated. If you are to have a budget which provides for $150,000,000 for health insurance, $200,000,000 for old age pensions of $30 a month at the age of seventy for everyone, a 50 per cent contribution by the federal government to the cost of old age pensions between the ages of sixty-five and sixty-nine for those needing it, at a minimum cost of $17,000,000, plus the dominion assumption of unemployment assistance at a rate of 85 per cent of the amount payable under the unemployment insurance provisions now in force, plus health grants which may run from $13,000,000 to $19,000,000, all in addition to the family allowance and the present unemployment insurance provisions, and on top of all that the provisions regarding public investment contained in the dominion government proposals, then I say you have a programme

which can be made to work and which is workable and comprehensive. But there is no way that I know of, of assuming responsibility for carrying out that programme unless the rest of the dominion government proposals are substantially agreed to. Any government should have the power to discharge its responsibilities.

Mr. BRACKEN: You have power to impose this tax now.

Mr. CLAXTON: Yes, I will correct what I said. There is no restriction on the legislative jurisdiction of the federal government with regard to taxation, but there is, I think, a real desire on the part of the people of Canada to see that the dominion and the provinces work together so that these things may be worked out through cooperation and agreement, as we had hoped and still hope they will be, rather than in any other way.

Mr. ROSS (St. Paul's): It is interesting to hear the minister talk all around the question and give some kind of analysis of last night's budget. But the fact remains that the social security measures of the dominion, which he says cannot now be undertaken, are to be paid for by a tax of three or four or five per cent on all incomes. There was no kick from the provinces over putting unemployment insurance into force. That is something that carries itself, and the dominion government went to the provinces and got permission to institute unemployment insurance. Is there anything to prevent the minister or the government from going to the provinces at this time and asking them whether they would like to have these social security measures put into force? The minister just skated around the whole question. Just because the dominion government cannot get its whole social security programme through now, it is going to deprive the people of Canada of what could go into force at the present time. There is no use in the minister talking like that. It just does not make sense. The dominion government has power now to impose this tax of three or four or five per cent and put these social security measures into force. So that it has no excuse for not going on with these measures if they are considered advisable. If the government considers them advisable, why not go ahead with them and get permission from the provinces to do so, get the consent of the provinces. I do not think they will kick about it. But certainly that has nothing to do with the general framework of taxation in this country.

Mr. CLAXTON: I should like to traverse the hon. member's remarks as flatly and directly as I possibly can. Any item which requires the expenditure of $200,000,000 a year has a good deal to do with the general economic structure of this country. I shall not try to add anything to what has been said before, what was said by the Minister of Finance last night and what is contained in the dominion government proposals.

Mr. CASE: The discussion has been most interesting. The fact remains that the dominion government made the largest social security commitments that ever were made in this country without ever consulting anyone. If they are prepared to go to the provinces now, they are going after the commitments have already been made, and asking the provinces to agree to something which the government have already done.

Mr. CLAXTON: If the hon. member and the committee will look at the text of the dominion government proposals, at the speeches from the throne in which they were first anticipated in January, 1944, and referred to in January, 1945, at the speeches of the Prime Minister, the Minister of Finance and myself, I venture to say that they will find no place where it was not clearly stated that this was a comprehensive plan and that the dominion government was prepared to go forward with it, upon our working out the arrangements with the provinces. You will find that stated again and again in the documents to which I have referred. That was made perfectly plain.

Mr. CASE: Are you going to say you consulted the provinces before you introduced family allowances?

Mr. CLAXTON: There was no need for us to consult the provinces before introducing family allowances.

Mr. CASE: That is a large measure to which you committed yourselves.

Mr. CLAXTON: But if we had had family allowances on a contributory basis I do not see how we could have done it without consulting the provinces or securing an amendment of the constitution. That is the fundamental difference between the position with regard to what we did for family allowances and what was proposed to be done regarding old age pensions provided that we got an agreement with the provinces.

What was the purpose of the conference in August, 1945? It was to consult the provinces. Did we have to consult the provinces before we put forward a proposal? What we got them together for was to consult them, and we had that consultation at the conferences from August, 1945, on. I do not think hon. members would wish any government to

say to another government, "Before we even discuss a thing with you, have we your permission to discuss it?"

Mr. CASE: But you did it on unemployment insurance.

Mr. CLAXTON: We did exactly what we did here; that is, we called them in to consult them. That is what we did in regard to old age pensions, health insurance and the whole of the dominion proposals. The purpose of the conference was to consult them, and we had that consultation.

Mr. SKEY: The question we originally asked with regard to old age pensions was, is the minister seeking any arrangement or agreement with the provinces separately with regard to old age pensions? I still cannot see why he cannot seek a separate agreement with them, or call a conference of the health ministers with regard to this subject and have them go back and ask their governments whether they are in favour of having such a social security tax as he spoke of earlier in his remarks. Just in case I may be misunderstood, I should like to put myself on record as being heartily in favour of old age pensions on a much more liberal scale than $30 a month.

Mr. NICHOLSON: I have been very much interested in the comments of the Progressive Conservative party, particularly having in mind the comments made by their financial critic last night following the presentation of the budget by the Minister of Finance. He emphasized again and again that now is the time to economize.

Mr. ROSS (Souris): What about false economy?

Mr. MERRITT: Are you for or against old age pensions?

Mr. NICHOLSON: I made my position quite clear, that I am in favour of them.

Mr. MERRITT: Then why attack us?

Mr. NICHOLSON: The Conservative party stubbornly opposed the introduction of old age pensions in the first place.

Mr. MacNICOL: You are just talking through your hat. I was here in 1930 and was one of the supporters and advocates of the whole business.

Mr. NICHOLSON: I want to remind the committee that, before the hon. member for Davenport came here, the hon. member for Broadview and the hon. member for Yukon were the only two Conservatives in the whole House of Commons who supported old age pensions in 1925.

[Mr. Claxton.]

Mr. MERRITT: Do not try to lift yourselves on our shoulders. Go after the government yourself.

Mr. SKEY: Are you in opposition here, or are you for the government?

Mr. NICHOLSON: I am just drawing attention to the fact that we are hearing a great deal said about old age pensions by people who did very little about the matter when they were in a position to do so.

Mr. ROSS (Souris): Your party will never be put in that position.

The CHAIRMAN: Order.

Mr. NICHOLSON: I should like to say to the minister that I think nearly 200,000 old age pensioners in Canada will be disappointed with the speech of the Minister of Finance last night—

Mr. MERRITT: Now you are saying something.

Mr. NICHOLSON: —and the minister's statement to-night. I cannot think that even though it did take $200 million a year to provide $30 for all the old age pensioners in Canada, as was suggested in the dominion proposals to the provinces, that should stop the government of Canada from making this gesture to the people in those brackets. When the family allowance proposal was brought down the expenditure was larger than this, and there have been very few criticisms across the country about that expenditure. Taking into account Canada's contribution during the war, when one considers that more than a million of our young people were in the services, that we gave away over four billion dollars worth of our materials in the form of mutual aid, and that we enjoyed a higher standard of living than ever before in the history of Canada, I think it is unfortunate that the minister is not in a position to say to-night that something more definite will be done this year for the old age pensioners of the country.

Mr. CHURCH: The city of Toronto had old age pensions twenty or thirty years before there was ever a C.C.F. party. It paid $12 a week, when it could get no federal or provincial aid, to those who were unable to work, and in addition it maintained a contributory system in the fire department, the police department, the school board and other departments. The principle of this old age pension and health legislation is that we are to consult the provinces. People are dying every day while the government are consulting the provinces about health and old age pensions, and nothing can stop it, because the undertaker is there while all these consultations are going on.

Sooner or later we as a parliament must do something for these people, and at the same time have some check on departmental expenditures. Departments are spending money like water; yet we see no improvement in public health; the old age pensioners are not getting fair treatment, and they are subject to a means test which is the meanest thing ever created in the history of the country.

Mr. BLACKMORE: I thought it would not be very long before the chickens of the hon. member for Muskoka-Ontario would be coming home to roost. I do not know when the Conservatives will learn to stop talking about "economy" in an age when we want anything but economy as far as expenditures on public services are concerned. I am not criticizing the Conservative members particularly, except that I do hope that they will begin to see the light after a while. I do not believe there is one item which has been presented in this house which the Conservatives have not been as eager to extend to those concerned as have the members of the C.C.F., the Social Credit, or the Liberal party. They have been eager to have better prices for farm commodities, better wages and all that sort of thing. To get up after that and talk about the need for economy is so grossly inconsistent that they make themselves ridiculous. The colleagues of the hon. member for Muskoka-Ontario should really take him off into his room some time and give him a fatherly talking to.

What I rose to say was this. It must be obvious to the members of the committee that the minister has succeeded pretty well in talking himself into a state of helplessness. In effect he says, here are these provinces; if they would only come and cooperate with the dominion we would be able to pay all these things we want to pay, but they won't. So this big powerful Canada with its wonderful resources, and this great big Ottawa government here, with all the power in the dominion—

Mr. MacNICOL: And the big stick.

Mr. BLACKMORE: —just can't pay. Well, that is one of the most foolish attitudes which can be taken, and one of the most impotent! I believe the day will come when the minister himself will laugh at the stand he is taking to-night.

May I just propound a simple question for the members of the committee to contemplate? Even if the provinces came to Ottawa and abjectly accepted every single proposal the dominion government offers, would the dominion then be able to offer old age pensioners in Canada $60 a month? I think the minister would say, "No; we cannot do that." Well, would they be able to offer that $60 a month at the age of fifty-five? I presume the minister would again say no. Or would they be able to give the blind anything like the pension they ought to have? Again the answer would be a pathetic no. Is that not enough to show that the whole method of approach of the dominion government is wrong? It is wrong because obviously the amount we can give to our elderly citizens depends on the goods we can produce, not the taxes we can collect, and in 1945 we were producing ten billion dollars' worth of goods. If we undertook to distribute that amount of goods so that the people could use them, $50 a month to people of sixty-five years of age would be no more than small change. Let us contemplate that seriously and then set about some modern way of learning how to distribute those goods. We must do it.

I want to lay down three or four points for the minister to consider, if the committee will bear with me.

The minister must not give up his old age pension proposals, nor must he give up his proposals in connection with pensions to the blind, simply because the provinces saw fit not to cooperate in the gigantic scheme of centralization of power which the dominion contemplated and endeavoured to bring into existence at the various conferences with the provinces.

Mr. REID: Will the hon. gentleman permit a question?

Mr. BLACKMORE: Certainly; any question at all.

Mr. REID: I am wondering how he arrives at the age of fifty-five. Why not fifty?

Mr. BLACKMORE: I will answer the hon. gentleman's question. Ultimately the age at which the old age pension must be paid is going to depend on the age at which industry is going to have no use any longer for the individual; in other words, the age at which he is going to be put out of his job.

Mr. REID: Why not fifty?

Mr. BLACKMORE: The age will probably have to be fifty. If I were to say fifty now, however, I have no doubt that 50 per cent of the Liberals would go on a campaign and get up on platforms throughout the country in an endeavour to make my remarks look ridiculous. Therefore, until the Liberals become a little more advanced in their ideas, I have to be somewhat reserved in what I say. Obviously the day will come when a man who has reached the age of fifty—that day has already come for the woman who has reached the age of fifty—will not be in any pre-

ferred position when it comes to obtaining employment in any concern in the country. Obviously, therefore, if we are to deal with the old age situation, we must be prepared to give the individual enough to enable him to live a life of dignity just as soon as the society in which he lives has no longer any need for his services. That, I think, is self-evident.

With that as the fundamental principle on which to work, let us go forward realistically, facing the facts. I maintain that the scheme which the dominion offered the provinces simply would not cope with the situation at all. They seek to bind the provinces hopelessly to a system of centralization and regimentation; and, notwithstanding that, they would not be able to deal at all effectively with the problems confronting the country. That being so, let us see if we cannot find another approach that will at least give some prospect of holding possibilities. The minister, I repeat, must not abandon his ideas with regard to old age pensions and pensions for the blind. He knows the kind of thing he would like to do. He is as forward-looking a man as there is in this house and just as desirous of seeing that things are done well in this country, and just as sympathetic and tenderhearted, just as considerate of humanitarian ideas as anyone else. Surely, then, he can go forward with his ideals, the ideals which his heart dictates, and see whether he can attain them without the kind of measures he has been thus far contemplating.

First of all, I would suggest, the contributory system for old age pensions is false. It is unsound. Just as soon as the productive agencies within the country catch up, there will be a surplus of every kind of goods and services. That is number one. The thing which we shall need in this country above all others will be purchasing power among the people, and how can you distribute purchasing power among the people if you take some away from every cheque they get in order to build up a fund with which to pay old age pensions? As soon as any Progressive Conservative or any other progressive in the house gets the answer to that question I invite him to call me up and tell me.

I say, therefore, that the contributory system is out in any genuinely progressive, streamlined, modern system of dealing with our situation.

What must we say next? The taxing system will be out. When we tax people in the way we tax them now we take from them the very purchasing power which they need in order to live, and which the producers of goods need to have the people receive if they, the producers, are to sell their goods to the recipients of purchasing power. In other words, by our taxing system we are destroying the home market and destroying the distribution system. Clearly, then that method of approach is unsound, and that is the next fundamental principle to lay down.

May I say to the minister and to the members of this committee that there is no need of any change in the constitution of Canada. All these ideals we entertain with respect to old age pensions and pensions for the blind as well as other social services can be attained without in any respect destroying the constitution of the country.

May I say, in addition to that, that there is no need for centralization. Already several progressive ministers have begun to see that centralization is unsound. The Minister of Labour, on several occasions in the house this session, has pointed out that fact. Then why consider any scheme of centralization such as the dominion proposed at the conferences? Centralization is simply out. It must not be contemplated. I honour the provinces that have insisted that it shall not be brought about. If Premier Drew had done less than he did he would have betrayed his trust in these times. There may be ulterior motives in Premier Drew—

Some hon. MEMBERS: No.

Mr. BLACKMORE: I am trying to be fair; I am not saying that there are; nor am I saying that there are any ulterior motives so far as Premier Duplessis is concerned. I take the conduct of these two gentlemen at its face value and I say that they have merited the honour of this dominion for the stand they took against centralization. It is a good thing that they did take that stand, because they are the premiers of two provinces which are so big that they cannot be taken into the woodshed and spanked. It is their responsibility to stand up and look after their weaker fellow provinces.

An hon. MEMBER: What item is this?

Mr. BLACKMORE: The item under which the minister was discussing the dominion-provincial conference. I, too, am discussing the dominion-provincial conference. Surely the hon. member for Saskatoon city is keen enough to see that; I do not need to give him a talking to. We listened for fifteen minutes to a talk clearly intended to indoctrinate into the members of the house and into the people of the country the idea of centralization. I am answering that argument. As I said a few moments ago, there will soon be a surplus of

goods and services in this country, a surplus with which we shall not know what to do. Already we are contemplating going out and seizing markets in South America and in other places.

The ACTING CHAIRMAN (Mr. Golding): Order. We are discussing old age pensions and pensions for the blind.

Mr. BLACKMORE: That is exactly what I am discussing, Mr. Chairman. Just as soon as there is a surplus of goods and services in this country—

The ACTING CHAIRMAN (Mr. Golding): Order. The question of marketing goods and all that sort of thing has nothing to do with this item.

Mr. BLACKMORE: I have left that matter, Mr. Chairman. May I suggest that while we were discussing old age pensions it was not in order to spend a lot of time on the dominion-provincial conference any more than it is out of order for me to talk about what I am talking about. What I am talking about has a definite bearing on old age pensions. I was going to say that as soon as a surplus arrives there will be a tendency for wages to fall and for the price of goods to fall; there will be a tendency to go into a depression, and just as soon as that time comes, then will come the time for the creation of debt-free money in this country to represent that surplus of goods and services.

I warn the members of the committee that if they do not come to realize the soundness of what I am saying they are going to head this country straight into disaster. If the minister and his colleagues do not base their policies on the fundamental principle of debt-free money they will be responsible for leading this country into disaster, and we shall not have to wait many years to see the fruits of their good labours in that regard. That is important to bear in mind. Normally the production of the state, even before the war, increased year by year three, four and five per cent. When production increases in the state the amount of money in the state has to increase. Who is to supply that increase of money? I maintain that money must be supplied by the state with debt-free money and not by banks which lend money. Just as soon as the state begins to create debt-free money as tickets to represent the surplus goods and services which are in the country, that state will have found a new source of income, a new source of revenue with which can be paid the old age pensions and the pensions for the blind without additional taxation, without centralizing power, without modifying the British North America Act, for this Ottawa government has control over the banking and financial system of this country, and it has the power to create an issue of debt-free money just exactly as the treasury board did create twenty-six millions of debt-free money during world war I, and use it. This can be done.

The ACTING CHAIRMAN (Mr. Golding): Order.

Mr. BLACKMORE: And it is the solution of the problem.

The ACTING CHAIRMAN (Mr. Golding): Order. I would ask the hon. member to try to keep to the item.

Mr. BLACKMORE: I am sorry; I could not hear what you said.

The ACTING CHAIRMAN (Mr. Golding): I would remind hon. members that this is not a joking matter. We are trying to deal with this item in an orderly way. I would suggest to hon. members that they support the Chair and endeavour to stick to the rules.

Mr. BLACKMORE: Where the difficulty lies is, as you, sir, must see, that the members of the committee have talked themselves into a state of impotency, of absolute ineptness. Until I started to speak there was not a suggestion as to what could be done from either the C.C.F., the Liberals or the Conservatives. Certainly the time had come for something progressive to be enunciated before them, and that is all I am doing. I am talking about how old age pensions can be paid without all the ruinous proposals which the minister has been contemplating all during the time that he has been defending himself before this committee.

I emphasize that point. When that is done we shall be going into a new order of debt-free money created by the state to represent the surplus goods and services which the state is able to produce as a result of the tremendous mechanization and the marvellous knowledge and technological skill which have come into this generation's possession.

Mr. CLAXTON: The printing press.

Mr. BLACKMORE: The minister talks about the printing press! Why not? All the money the minister has in his pocket came out of the printing press. There is not a dollar of currency that ever came out of a bank in Canada that did not come out of the printing press. What is the matter with the minister? Why does he make a remark like that? He is moreover, entirely overlooking the fact that at least 97 per cent of the business of this country is done with bank credit. Why does not he recognize the fact—and in fact it is

more than a fact—that bank credit can be used as the new money that is debt-free and interest-free just as well as the printed money?

Mr. ARCHIBALD: I could get up and make a propaganda speech on all these things and I could make a good job of it too.

Mr. CHURCH: We have been dealing with old age pensions. Before the next item is brought before the committee, I would suggest that the government should lay down a policy of abolishing the means test which is just charity. They should set an example to the provinces by making a larger contribution themselves because they have unlimited sources of finance. The minister is fond of consulting the provinces. We shall soon be in the position where we shall have to consult the provinces to play "the wearin' of the green" on the bagpipes.

Mr. BLACKMORE: Were not the provinces originally independent? They were independent when they entered confederation. What is the matter with the hon. member for Broadview?

Mr. HARKNESS: I was going to ask the minister a simple question, but I think I shall now have to make a speech. I was sorry to hear the fallacious arguments of the hon. member for Mackenzie, who said that because we spent several billion dollars in the war we could now spend several billions more on various schemes of social security, and there should be nothing to it. It reminds me of the story of a man who had $1,800 in the bank and who was suddenly stricken with the terrible disease of cancer. He had an expensive operation which cost him $1,500. When he got out of the hospital he said, "I could afford to spend $1,500 to get rid of that desperate disease which I had and which I did not want, and I certainly ought to be able to afford to buy a new automobile, a new washing machine for my wife, refurnish the house and spend $3,000 or $4,000 more on other things without any trouble at all." I think that is what that argument amounts to.

Mr. BLACKMORE: Which argument?

Mr. HARKNESS: I was referring to the hon. member for Mackenzie. So far as the hon. member for Lethbridge is concerned it has always been a marvel to me how he and the members of his party can come out with so many exceptionally sound statements which I can follow and agree with and at the same time advocate policies which in their essentials come down to the point of supporting old age pensions where the baby bonuses stop.

[Mr. Blackmore.]

Mr. BLACKMORE: Tell us how you would do it?

Mr. HARKNESS: It might be quite possible to do it; but having spent several years of close association with the founder of the Social Credit party in Alberta, and having had many hours of conversation with him while he was directing the group—

The ACTING CHAIRMAN (Mr. Golding): Order. I ask the hon. member to stay with the item.

Mr. HARKNESS: I am sorry; I was just replying to the question. I am sorry to say that after all that discussion and argument he was pleasant; but I was still absolutely unconvinced of the soundness of his ideas.

Mr. BLACKMORE: Can you see a solution of the problem? That is what we want.

Mr. HARKNESS: To come more particularly to the old age pension matter, may I say that during the present session of parliament I have received somewhere in the neighbourhood of twelve to fifteen hundred cards from old people who wish to receive a higher old age pension. These cards are put out by an organization called the social security council of Alberta, which advocates $60 a month as the first principle for men at the age of sixty and for women at the age of fifty-five. The first card that was put out had the amount and urged the member to whom it was sent to carry that policy into effect. Then they put out a new card which threatens the member that if he does not put forth his best efforts, if he does not get this thing into operation, he will be defeated at the next election; they will make sure of that. I object to putting over some particular idea by making use of a cheap card through the mail, particularly when it comes without a stamp on it, and the government gets no revenue from it. I object to being threatened by these people.

But one point I should like to make is this, that so long as the old age pension situation remains in anything like its present state, there will be constant demands to increase the amount of that pension and to lower the age. That will go on and on and on; there will be constant demand and constant pressure.

As a result of having had all these cards, I have given considerable thought to the problem. In my view the only permanent solution is to place old age pensions on a straight insurance basis, and to institute a system of contributory old age pensions to which people will be obliged to contribute. I do not like the minister's idea of having a social service tax for this purpose of old age

pensions, or for this or that other purpose. I think it should be on a straight insurance principle, and on a sound actuarial basis. As soon as a man comes into employment he would start to make payments to the old age pension fund, or the old age pension insurance scheme, whatever you wish to call it. Then, upon reaching the age provided under the scheme—and that could be made anything within reason—he would receive an amount in proportion to what he has paid in. In my opinion that is the only way we can satisfactorily solve the old age pension situation.

Has the government given any thought to setting up an old age pension insurance scheme along these lines?

Mr. CLAXTON: A great deal of consideration has been given to that and to all other old age pension plans. It will continue to be given. Regarding the plan such as the hon. member has suggested it must be remembered that in a country like Canada about half the population are self-employed. This makes it very difficult to relate a payment directly to the amount to be received. Further, if that is done you still have to provide pensions for those needing them but who have not contributed. So that you have to have a means-test plan supplementing the other. We have reached the conclusion that, having regard to the particular situation in Canada, the most effective and the fairest way is the one I have described, and that is, cover part of the cost with a tax, which we thought might amount to three per cent, and which would be paid by everyone able to pay.

Mr. QUELCH: One of my chief objections against a contributory scheme is that those who need pensions most are, generally speaking, unable to contribute, and therefore not in a position to benefit. I have in mind especially the workers in primary industry.

I recall that before the war we in this group were urging the payment of a pension of $50 a month at the age of sixty, and that in those days we were told time and again that the government could not possibly afford to pay out so much money, and that it had not any money for that purpose. I also recall that within six weeks of the declaration of war the government had the chartered banks create for its use over $200 million. I would remind the Minister of National Health and Welfare that when that $200 million was created for purposes of the war, it was not printing press money. That amount of money was created by the chartered banks, without the printing of a single dollar; it was cheque book money.

Let me again remind the minister that we would never have had the war effort we did have, had it not been for the fact that four billions of dollars in new money was created—and it was created by the banking business, without printing. It was cheque money.

Mr. Graham Towers warns us that in the very near future we shall be passing into a time where there will be a lack of effective markets. I would suggest that one of the best ways we can create in Canada good markets would be to help the old age pensioners by paying them an adequate amount of money, so that they can buy goods. As the governor of the Bank of Canada has pointed out, one of our great troubles in the future will not be the fact that we cannot produce, but the fact that we have produced goods which we cannot sell.

The minister may suggest that we shall have goods but we shall not have the money. I ask him this question: Did he ever once during the war hear it said that we could not have a battleship, or could not have aircraft, or could not have material for the army because we did not have the money? He knows very well that the only thing that hindered the war effort was the mere matter of production of goods and services. Where those goods and services were available, money was made available to buy them.

What did we fight for? We were told that we were fighting for a new social order. Surely the old age pensioner should have a new social order. If we can create money to win the war to achieve a new social order, then I say that we should be able to create money to enjoy the benefits of that social order after we have won the war. Any government which suggests for one minute that it cannot get money for that purpose is fooling the people of the country, and the people will not be fooled. The people are not going to be willing in future to be told that we are going to have to do without things of this kind because the government is still hanging on to some old-fashioned money system which has no relationship whatsoever to the productive capacity of the country.

Mr. SKEY: Will the Minister of National Health and Welfare say whether, if all the provinces had agreed to the proposals submitted by the federal government at the dominion-provincial conference, he could have carried out his complete national scheme for old age pensions without further taxation of the Canadian people?

Mr. CLAXTON: No. Pensions have to be paid for by people.

Mr. SKEY: In other words, the minister would have had to impose a further tax on the people of Canada.

Mr. CLAXTON: The cost of carrying out the scheme would have had to be borne by the Canadian people and by Canadian production in one way or another. It would be for the Minister of Finance to say whether or not an adidtional tax or a smaller reduction in taxes would be necessary.

Mr. BRACKEN: We are discussing an item of $9,274,050 for old age pensions and pensions for the blind. The statutory appropriation as it appears at page 28 of the estimates is about $35 million. I understand that the former item is one provided by order in council during the war to increase the amount paid to old age pensioners because of the higher costs of living. I came in to-night after this discussion had started and the minister was explaining why he could not provide a better old age pension service. He went on to say that this was because of the failure of the provinces to agree to the major proposals advanced by the government. The minister gave some estimates of the cost of the government's proposals. As I remember, he suggested a figure of $200,000,000 for old age pensions, $150,000,000 for health insurance and something extra for unemployment insurance. Can the minister say now what additional amount over the present estimates these various schemes of social security, as covered by the dominion government's proposals to the provinces at the dominion-provincial conference, would cost?

Mr. CLAXTON: The dominion's share of old age pensions and pensions for the blind, both under the statutes and under the order in council, amounts to approximately $43,000,000. The proposal at the conference by the dominion for old age pensions to everyone at the age of seventy of $30 a month would cost $200,000,000, and the dominion's share of 50 per cent of pensions up to $30 a month for those between the ages of sixty-five and sixty-nine who were in need would be at least $17,000,000, or a total of $217,000,000.

Mr. BRACKEN: That would be $174,000,000 more than at present.

Mr. CLAXTON: Yes. That is a minimum difference because it was recognized that the $17,000,000 was a minimum estimate. It was thought that it would more likely be $20,000,000, or even more.

Mr. BRACKEN: What would be the additional amount required for health insurance?

[Mr. Claxton.]

Mr. CLAXTON: The dominion's share of health insurance, when fully introduced, was estimated to be $150,000,000.

Mr. BRACKEN: That would be a new item altogether.

Mr. CLAXTON: Yes, additional to any they now paid. Then otherwise the health grants would vary depending upon what a province spent. To a considerable degree they would be matching grants, and their total would have been under $19,000,000. That was the maximum which would be reached only after a number of years. I would point out that the health insurance proposals could be arrived at and fully worked out and implemented throughout the whole dominion only after a considerable period of time. We offered assistance to the provinces in connection with the introduction of health services which they might introduce by stages or within certain areas. It was a very flexible plan and, while the dominion would be contributing something from the first year in which the plan came into effect, it would not be called upon to pay the full amount estimated until all the provinces had fully implemented the health insurance proposals.

Mr. BRACKEN: The ultimate cost would be about what?

Mr. CLAXTON: It was estimated at $150,000,000.

Mr. BRACKEN: In a Canadian publication recently it was estimated by one whom we would regard as a reliable authority that the expenditures arising from the dominion government's new proposals would be in the vicinity of $600,000,000 per annum, whereas at the present time under the war-time tax agreements the payments to the provinces are about $124,000,000. Is that statement substantially correct?

Mr. CLAXTON: I think the leader of the opposition should properly put that question to the Minister of Finance, but my impression is that that estimate of the cost to the dominion of its proposals is substantially as I have stated it. The benefit to the Canadian people would be equally great.

Item agreed to.

Demobilization and Reconversion — National Health and Welfare—

573. Treatment of Canadian fishermen and seamen, $15,000.

Mr. ARCHIBALD: In connection with this item, I should like to refer to part V, sections 304 to 308 inclusive of the Canada Shipping Act, with particular reference to section 305.

This section discriminates against the treatment of certain seamen engaged in coastal traffic, especially those sailing along the coast of British Columbia and between ports in the provinces of Quebec and Ontario. Section 305 reads:

(1) There shall be levied and collected on every ship arriving in any port in the provinces of Quebec, Nova Scotia, New Brunswick, Prince Edward Island, British Columbia or in any port on Hudson bay or James bay in the provinces of Manitoba or Ontario, hereinafter called "the provinces," a duty of two cents for every ton which such ship measures, register tonnage, unless

(a) the ship is engaged in the coasting trade of Canada and arrives at any port in any of the said provinces from any other port in the same province, or arrives at any port in the province of Quebec from any port in the province of Ontario, and has not during the calendar year made a payment on account of such duty; or unless

(b) the ship is a ship which came from a place out of Canada and has paid duty on the same voyage in a previous port of call in Canada.

Under that section seamen engaged along the coast of British Columbia or in the provinces of Ontario and Quebec do not have the benefit of hospital treatment which is provided for seamen on ships plying between different provinces. In British Columbia we would like to see the act extended so that seamen engaged in the coastal trade in that province could receive treatment. These exceptions should be done away with. During the war, part V of the act, principally section 308, was amended by order in council P.C. 164/6991, but this amendment has since been rescinded on the pretence that it was just a war measure. That order reads:

Free medical treatment and care may be provided by the Department of Pensions and National Health for any sick or disabled seaman not entitled thereto under the provisions of part V of the Canada Shipping Act, 1934, if such seaman is suffering from sickness or disability with respect to which entitlement to a pension has not been conceded under any existing law, where such sickness arose or disability was incurred on a ship of Canadian registry, or is a seaman of Canadian nationality serving on a ship of other than Canadian registry, while the ship was operating in such waters as may be determined by the Minister of Pensions and National Health, on the advice of the Minister of National Defence for Naval Services, to be particularly liable to enemy attack.

Surely these social services should have been maintained on the books in peace time. If they were desirable in time of war, surely they should be maintained in time of peace. Under the Canada Shipping Act, if a man is taken seriously ill or meets with an accident on a vessel and is hospitalized at the first port of call and should later be released as fit to be returned home, he is then thrown on the mercy of his Britannic Majesty's consul, who sees that he is returned to his home port. He may even travel home in the company of some cattle that are being shipped in the same direction. If, on arrival at his home port, the man should still require medical attention he is denied such attention under the terms of the act for the reason that he did not return on the same vessel. In other words, a man must avoid treatment in a foreign port, even if he is dying, to assure himself of medical attention when and if he is lucky enough to survive and reach his home port on his own vessel. By the same token, if a man were injured or suffered illness through shipwreck he would have to refuse being rescued and endeavour to salvage his vessel and bring it back with him in order to receive the medical attention he would require. This is covered in part V, section 308, and, to say the least, is nonsensical.

In this connection, dealing with the health of seamen I should like to deal with section 288. This section allows for treatment of venereal disease in any Canadian port whether a man is ashore or on shipboard, but if a man on a Canadian vessel contracts venereal disease in a port other than a Canadian one he is responsible for his own treatment. In this connection, it is to be noted that Canadian vessels are the only vessels in the world to-day where this is still the practice. Even Great Britain changed the clause in the British Shipping Act, and to-day treats venereal disease in the classification of general illness. On November 10, 1943, four members of the crew of the sailing vessel, the *City of Alberni,* contracted venereal disease while their vessel lay in the port of Valparaiso. They were charged with deductions from their wages for medical expenses incurred in treatment of the disease. It was the contention of their union representatives that, in view of the fact that all maritime nations do accept the treatment of venereal disease the same as any other illness, the cost of treatment should not be charged to the men. However, they were charged under the "wilful" clause of the act. The Department of Transport in this case referred the union to the courts. Rather than referring the union to the courts a little action by the government in line with other maritime nations would save a great deal of unnecessary suffering and needless expense to the individuals concerned.

This is a matter of vital concern to the seamen of Canada's merchant marine, and with all the talk we hear from the present government as to their interest in social welfare, why cannot they maintain the order in council which they passed during the war?

It is part and parcel of the general set-up of other maritime nations. It was regarded as very necessary in time of war. Some day we might want these seamen again, and they might not be willing to sail the boats unless conditions are changed. I am interested in this matter because I have worked on coastal boats and am a member of the international seafarers' union. I should like to see these men given the service they deserve.

Mr. CLAXTON: Similar representations have been made by other members from time to time, in addition to those made to-night by the hon. member for Skeena. He has said that section 303 of the Canada Shipping Act discrimnates against this class of seamen. He also said that other countries had more generous provisions with regard to these seamen. My information is that no country provides the kind of coverage that he mentions.

The situation, as I understand it, is this. Under section 305 of the Canada Shipping Act, which in one form or another has been in effect for a great number of years, owners of ships engaged in international or interprovincial trade are required to pay a certain fee into the sick mariners' fund. That fee is two cents per ton. Out of the fund the federal government, acting through the Department of National Health and Welfare, provides services to sick mariners. This came up in connection with the vote under item 210, and at that time I think some figures were put on *Hansard*. It runs into a very considerable sum of money. In the fiscal year 1944-45 the revenue was $210,452.42 and the expenditure was $303,747.58. But, generally speaking, over the years, the expenditure is just about offset by the revenue. This measure is arrived at by international agreement. It provides protection for seamen who are covered by the terms of section 305; that is those who are engaged in international or interprovincial trade, not local trade.

The class of seamen whose cause has been so ably argued by the hon. member for Skeena are those who are engaged in trade within a single province. They are not ordinarily covered. It has been the view of the federal government and, I believe, all other governments of this and every country, since long before I had anything to do with this administration, that the responsibility for dealing with seamen in that class was a matter of local jurisdiction, in this case a matter within the jurisdiction of the provinces. Indeed provision for the purpose is, I understand, made in some if not in all of the provinces under the workmen's compensation acts. Further, I am informed that in the case of some of the vessels in this class there is a requirement by the Department of Transport that they do secure protection under the workmen's compensation act. But that comes under the Department of Transport and I am not familiar with the details. There is no discrimination in any sense. The coasting vessels, which are the vessels which are worked by this class of seamen, do not make any contribution. They do not come within the legislation. It has been the view that if there should be protection for that class of seamen operating within the ordinary limits of a province, it should be provided by the workmen's compensation law of the province. I might point out that, whereas the situation regarding men engaged on deep-sea work is as I have described it, that is, year in and year out the costs are just about met by the revenue. The situation is quite different with regard to the vessels which carry on an interprovincial trade as opposed to an international trade. In 1938, which was a normal peacetime year, coastal vessels covered having a crew membership of 8,652 paid $7,984.98, and treatment was given to the amount of $56,260.16. In 1944, this class of vessel, with a crew membership of 9,547, paid out $9,133.90, while treatment costing $59,742.97 was given.

Mr. MacINNIS: I should like to say a few words in support of some of the points raised by the hon. member for Skeena. The minister may remember that I discussed this matter with him last year. I first took it up with the Minister of Transport, and had prepared an amendment to the Canada Shipping Act which I thought would meet the situation. The men, and the women too, I imagine, who work on coastal ships in British Columbia feel that they are being discriminated against. The department is not necessarily to blame for this, because it is only administering the sick mariners' fund according to the provisions of the Canada Shipping Act—

Mr. CLAXTON: That is right.

Mr. MacINNIS: —which provides that only vessels which ply between international ports or ports between two different provinces pay dues. But here is the sort of situation which arises. A ship crosses from Prince Edward Island to New Brunswick, or from New Brunswick to Prince Edward Island, a distance of nine or ten miles, and because of that, contributions are made to the sick mariners' fund and the crews are looked after in case of illness; or in British Columbia a boat goes from Vancouver to Seattle or from Victoria to Seattle and the crews of those boats are covered by the benefits of the sick mariners' fund. But take a much longer sea

journey, from Prince Rupert to Vancouver, and ships operated by the same company are not covered. So the employees of these ships feel that they are being discriminated against. The minister mentioned that they are covered by workmen's compensation. That is quite true, but the workmen's compensation fund covers them only in case of accident, not in case of illness.

Let me take two cases. An employee on a Canadian Pacific boat plying between Vancouver and Seattle becomes ill with appendicitis; he is taken to a hospital and his hospital bills are taken care of out of the sick mariners' fund. A person on a sister ship running between Victoria and Vancouver, or between Prince Rupert and Vancouver—much longer distances—takes sick with appendicitis, goes to hospital, and has to pay his own hospital and doctor bills, and if he is unable to pay them while he is in the hospital he comes out with a debt which he must discharge. What is required, I submit, is an amendment to section 305, I think it is, of the Canada Shipping Act, so that this provision will be applicable to ships plying between different ports in the same province as well as to ships plying between ports in different provinces. It seems to me that the remedy is very simple. I do not see that any provincial rights enter into the matter; I do not believe any province would object to such an amendment. I ask the minister again, as I did eight or nine months ago, to take the matter under consideration and see if something cannot be done to obviate this most illogical situation.

Mr. PEARKES: I was rising to speak on the same subject. I do not profess to have anything like the detailed knowledge which the hon. member for Skeena has.

The CHAIRMAN: Order. It has just occurred to me that the hon. member is going to discuss an amendment of the act. This is hardly the time to discuss it. I do not know whether the act comes within the purview of the Department of National Health and Welfare, but, if not, it would not be pertinent to the vote under consideration. The committee is considering item 573, treatment of Canadian fishermen and seamen, $15,000, and the discussion should be confined to the purpose for which that money is used.

Mr. MacINNIS: I wonder if, before the hon. member for Nanaimo resumes his remarks, I might speak to that point of order. In a certain sense, I believe, Mr. Chairman, your point of order is well taken, because we have passed the item dealing with the sick mariners' fund. But the sick mariners' fund is under a section of the Canada Shipping Act which comes under the administration of the Minister of National Health and Welfare. I thought at one time that it was under the administration of the Minister of Transport, but that particular section, 305, of the Canada Shipping Act is under the administration of this department, and it can be discussed. There has been some discussion on it, and I do not want to speak to it further, but I suggest that the hon. member for Nanaimo be permitted to make his particular point, because the matter is one of importance.

The CHAIRMAN: The discussion has gone on at some considerable length. I was under the impression that the administration of the act came under a different department.

Mr. MacINNIS: No; it comes under the Department of National Health and Welfare.

The CHAIRMAN: I think we should allow the hon. member for Nanaimo to make his remarks, and then we might confine the discussion to the vote under consideration.

Mr. PEARKES: I just want to add my support to what the hon. member for Skeena said, because the same problem has been brought up by the fishermen and the seamen in my own constituency. We have those boats which have been referred to as going from Vancouver to Victoria, in which perhaps a seaman who is taken ill cannot receive treatment on that tour. If, however, he goes on from Victoria to Seattle, on the same boat, on the same trip, I believe, although I am not positive, that he can receive the treatment. But there are a number of fishermen operating out from Nanaimo and other ports in my constituency who go out into the deep seas, who continue fishing for a long time and then return to these ports in British Columbia and there is a feeling amongst them that there is some discrimination and that it is not possible for them to receive some of the benefits which they believe the fishermen on the maritime seaboard receive if they go out from one of the ports of New Brunswick and happen to put back into a port in Nova Scotia.

Item agreed to.

Demobilization and Reconversion — National Health and Welfare—

575. Health unit, Prince Rupert, B.C., $4,080.

Mr. ARCHIBALD: Is this health unit in Prince Rupert for the treatment of seamen, as far as medical health treatment and so on are concerned?

Mr. CLAXTON: No; it is the general health situation brought on by the quite considerable concentration of troops in Prince Rupert and its area during the war.

Mr. ARCHIBALD: If that were taken away, would seamen be able to get treatment through other sources? I imagine they would get treatment through this.

Mr. CLAXTON: This vote does not assist seamen in any way.

Item agreed to.

Demobilization and Reconversion — National Health and Welfare—

576. Health services, Halifax, N.S. Chloramination of water, $30,000.

Mr. KNIGHT: I am interested in this word "chloramination." What is the definition of it? I presume it is English.

Mr. CLAXTON: It is virtually the same as chlorination and is a process whereby a small quantity of chlorine, and sometimes other chemicals, are added to the water to purify it.

Mr. KNIGHT: Is it synonymous with chlorination?

Mr. CLAXTON: Yes.

Item agreed to.

Demobilization and Reconversion — National Health and Welfare—

577. Nanaimo, Victoria and Prince Rupert, $11,000.

Mr. PEARKES: When will the plant at Nanaimo be handed over to the city of Nanaimo? I understood the minister to say that arrangements had been made for its disposal.

Mr. CLAXTON: Actually the plant is situated where it has always been and is operated by the civic employees of Nanaimo. All that remains is for a formal agreement to be entered into between the crown and the city. I understand that is already agreed to and nothing remains but to sign the agreement.

Mr. PEARKES: Does the same apply to Victoria?

Mr. CLAXTON: Yes.

Mr. PEARKES: Why is the money needed?

Mr. CLAXTON: Under the agreement we are continuing to pay the cost of operating the chlorination plants until December 31, 1946.

Item agreed to.

Demobilization and Reconversion — National Health and Welfare—

578. Greater Vancouver, North Vancouver city and district, $35,000.

Mr. MacINNIS: Knowing now that chloramination and chlorination mean the same thing —

[Mr. Claxton.]

Mr. CLAXTON: Perhaps I should explain that. The additional syllable is introduced to indicate the addition of a very small portion of ammonia. It is only an infinitesimal part.

Mr. MacINNIS: I imagine the amount of ammonia that is added does not affect the matter to such an extent that I may not raise the point which I am about to discuss. Perhaps there was a professor mixed up in these estimates. My understanding is that the chlorination of the water supply of Vancouver has been discontinued. As a matter of fact, and as a matter of history, the chlorination of the water supply of Vancouver was imposed upon the residents and the municipal authorities of that city after a strenuous fight. I do not know whether the members of this committee know it, but the water supply of Vancouver is so pure that when you chlorinate it you really contaminate it. That indeed was proven by this fact that there was a fish hatchery that was supplied by water from our water supply, and after the dominion authorities, acting in their wisdom, purified our water by chlorinating it, it killed all the fish in the hatchery. So we had the peculiar situation that the water was not pure unless it killed fish. The war being over, however, I understand that the municipal fathers in Vancouver have had the chlorination stopped. I do not see, therefore, what this vote is for. They have stopped the chlorination of the water, and I understand they are pasteurizing the milk instead. That is actually the situation, and I see no reason in the world why there should be $35,000 in the estimates to contaminate the water supply of the city of Vancouver.

Mr. CLAXTON: I do not think the hon. gentleman expects me to enter into a discussion of the fundamental situation in connection with the water supply in Vancouver. That can be done by other people and the two sides of the question have been vociferously put forward by people on the spot. With regard to the question the hon. member asks, the situation is that the votes for these three chlorination plants are lumped together, and until an agreement is reached with each of the three municipalities we might be liable, under the agreement we entered into to chlorinate the water for them, to pay any expenses up to the end of the war. But if the agreements are signed, as we expect they will be, then the obligation with regard to Vancouver will terminate from March 31, 1946, and the amount provided in the vote in connection with Vancouver will not be needed. But we should have the item there,

because there is the possibility of the obligation running until the formal termination of hostilities.

Mr. MacINNIS: One other question. I understand that the chlorinating machinery—I presume that is the right term—has been turned over to War Assets Corporation and that it is no longer there. If the machinery for the chlorinating is not there, then certainly the agreement has definitely come to an end as far as Vancouver is concerned and there is no need for this item.

Mr. CLAXTON: The machinery is still there.

Item agreed to.

Mr. CLAXTON: We have made very good progress and concluded all the items of this department except those that come under a separate branch for the film board, and since it is ten minutes to eleven o'clock and a very hot night I wonder if it might not meet the views of the committee to rise now.

Mr. FLEMING: I do not like to resist the suggestion that the committee should rise after a hard day's work, but there is a question relating to the estimates which I asked the minister on a previous occasion and which has not yet been answered. It will be found at page 2584 of *Hansard* of June 17. I said then:

Would the minister give figures indicating the incidence of venereal disease within, say, the last two years, to establish trends, including both the civilian population and the armed services?

The minister in reply, after making an explanatory statement, said he had figures for 1943-44 but could not lay his hands on them at the time. Will he kindly put those figures on *Hansard,* as well as the figures for 1945 if he has them?

Mr. CLAXTON: In doing that, I think I should recall to members of the committee the warning I gave about the use of figures with regard to venereal disease. The greater degree of cooperation you get, the greater the amount of reporting of the figures by the provincial and municipal authorities and by doctors, the higher the apparent rate of venereal disease. The figures, therefore, must be read cautiously and by those who are familiar with them in order to derive their true meaning. The total venereal disease in 1944 as reported by provincial health departments to the dominion bureau of statistics was 38,772 cases; in 1945, 40,527 cases. The total syphilis for 1944, was 16,475 cases; in 1945, 15,278 cases.

Mr. MacNICOL: That is a reduction?

Mr. CLAXTON: Yes. In 1944, the number of cases of gonorrhoea was 22,282; in 1945, 25,237. In 1944, other venereal diseases amounted to fifteen cases; in 1945, twelve cases.

Mr. FLEMING: Has the minister the figures for 1943 as well?

Mr. CLAXTON: No. The reporting began only in 1943, in accordance with arrangements worked out in 1943, and I have not the figures. I do not think there are figures. If there are I shall make sure that the hon. member gets them.

Progress reported.

On motion of Mr. St. Laurent the house adjourned at 10.55 p.m., until Tuesday July 2.

Tuesday, July 2, 1946

The house met at three o'clock.

REPORTS OF COMMITTEES

VETERANS AFFAIRS—TENTH AND ELEVENTH REPORTS

Mr. W. A. TUCKER (Rosthern) presented the tenth and eleventh reports of the special committee on veterans affairs, and moved that the tenth report be concurred in.

Motion agreed to.

RADIO BROADCASTING—CONCURRENCE IN SECOND REPORT

Mr. RALPH MAYBANK (Winnipeg South Centre) presented the second report of the special committee on radio broadcasting, and moved that the report be concurred in.

Motion agreed to.

PRIVATE BILLS

FIRST READINGS—SENATE BILLS

Bill No. 201, for the relief of Marie Olivette Marthe Pépin Giguère.—Mr. Maybank.

Bill No. 202, for the relief of Evelyn Helen Deeb Kouri.—Mr. Maybank.

Bill No. 203, for the relief of Rose Dawson Brady.—Mr. Stuart (Charlotte).

Bill No. 204, for the relief of Shirley Boyd Fuller Dichow.—Mr. Maybank.

Bill No. 205, for the relief of Beatrice Emily Young Crane.—Mr. Maybank.

Bill No. 206, for the relief of Martin Thomas Walsh.—Mr. Maybank.

Bill No. 207, for the relief of Anna Blumenthal Gillman.—Mr. Maybank.

Bill No. 208, for the relief of Annie Solomon Birnbaum.—Mr. Maybank.

Bill No. 209, for the relief of Katherina Demidovich Zouikin.—Mr. Maybank.

Bill No. 210, for the relief of Herbert Beatson De Gruchy.—Mr. Maybank.

Bill No. 211, for the relief of Luc Chadillon.—Mr. Stuart (Charlotte).

Bill No. 212, for the relief of Mary Innocent Gorman Martin Gillean.—Mr. Weir.

Bill No. 213, for the relief of Maurice Olivier Singfield.—Mr. MacLean.

Bill No. 214, for the relief of Myrtle Ethel Anderson Hamil.—Mr. Maybank.

Bill No. 215, for the relief of Allan Reginald Duncan Woolley.—Mr. Maybank.

Bill No. 216, for the relief of Ida Portnoff Clarke.—Mr. Maybank.

Bill No. 217, for the relief of May Andria Thistle Shirres Richardson.—Mr. Maybank.

Bill No. 218, for the relief of Florence Margaret Louise Jekill Wiggett.—Mr. MacLean.

Bill No. 219, for the relief of Pauline Frances Beaton Bridgeman.—Mr. Maybank.

Bill No. 220, for the relief of Mildred Helen Cavers Watson.—Mr. Maybank.

Bill No. 221, for the relief of Paul Martial Chevalier.—Mr. Maybank.

Bill No. 222, for the relief of Dorothy Catherine Benson Hunter.—Mr. Stuart (Charlotte).

Bill No. 223, for the relief of Pauline Francesca Evans Gladwish.—Mr. Emmerson.

Bill No. 224, for the relief of Mary MacDonald Short Browne.—Mr. Maybank.

Bill No. 225, for the relief of Solomon Shulman.—Mr. Maybank.

Bill No. 226, for the relief of Robert Patrick Warren.—Mr. Maybank.

Bill No. 227, for the relief of Elsie Alvina Hirsch Sidaway.—Mr. Maybank.

Bill No. 228, for the relief of Sadie Joseph Saikaley Charles.—Mr. Maybank.

Bill No. 229, for the relief of Arthur Corey Thomson.—Mr. Maybank.

Bill No. 230, for the relief of Jean Wilbur Cassils Dawes.—Mr. Maybank.

Bill No. 231, for the relief of Jean St. Claire Macdonald Routledge.—Mr. Maybank.

Bill No. 232, for the relief of John Anderson Hutchins.—Mr. Maybank.

Bill No. 233, for the relief of Ivy May Baylis Lariviere.—Mr. Maybank.

Bill No. 234, for the relief of Muriel Gertrude McKnight Carroll. Mr. Maybank.

Bill No. 235, for the relief of Ermina Taccani Roncarelli.—Mr. Maybank.

Bill No. 236, for the relief of Violet May Armour Smith.—Mr. Maybank.

Bill No. 237, for the relief of Beatrice Caroline Lock Norman.—Mr. Maybank.

Bill No. 238, for the relief of Blanche Belanger Mullin.—Mr. Maybank.

Bill No. 239, for the relief of Alfred Goodman.—Mr. Maybank.

Bill No. 240, for the relief of Charles Thomson.—Mr. Maybank.

Bill No. 241, for the relief of Hannah Green Turton.—Mr. Maybank.

Bill No. 242, for the relief of Ida Solomon Caplan.—Mr. MacLean.

UNEMPLOYMENT INSURANCE ACT

CLARIFICATION AND EXTENSION OF PROVISIONS AND BENEFITS

Hon. HUMPHREY MITCHELL (Minister of Labour) moved that the house go into committee at the next sitting to consider the following resolution:

That it is expedient to introduce a measure to amend the Unemployment Insurance Act, 1940, to provide for clarification and re-arrangement of its provisions and of the procedure to be followed thereunder; generally to enlarge the scope of the Act to extend the application of the provisions and benefits of the Act and of the qualifying period for insurance to certain veterans and merchant seamen.

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

Motion agreed to.

PRICE CONTROL

EXPIRY OF UNITED STATES LEGISLATION—RETENTION OF CANADIAN CONTROLS

On the orders of the day:

Right Hon. W. L. MACKENZIE KING (Prime Minister): Mr. Speaker, I might give the house a little information with respect to the matters of price control in the United States and the attitude of this government towards the possible consequences thereof.

On June 30, the emergency legislation in the United States which authorized price, rent and rationing controls expired. As I understand it, the consequence is that there is at the present time under federal law no price control, no rent control and, with the possible exception of sugar, no rationing in the United States. There are, of course, certain states and municipalities which have taken emergency measures or maintained existing regulations which are not affected by the expiration of the federal law.

This situation has, not unnaturally, raised certain questions in the minds of many Canadians. The government feels that the first opportunity should be taken to assure parliament and the country that there is no intention of abandoning similar controls in Canada.

Developments affecting prices in other countries, particularly the United States, are, of course, not without their effect upon Canada. Our policies have, in the past, and will, in the future, necessarily continue to have such developments in mind.

Price control, rent control and the control of supplies existed in Canada before they were adopted in the United States. Canadian regulations, while similar in objective to those in the United States, have often differed quite widely both as to their form and their nature. In other words, we in Canada have followed our own course, which we believe is well adapted to Canadian conditions and to the Canadian economy. We shall continue to follow policies which we believe to be in the general interest, making, from time to time, such modifications as seem to be required in the light of internal and external conditions as they develop.

FOREIGN EXCHANGE CONTROL

STATUTORY AUTHORITY FOR ORDERS IN COUNCIL PASSED UNDER WAR MEASURES ACT

Hon. DOUGLAS ABBOTT (for Mr. Ilsley) moved the second reading of bill No. 195, respecting the control of the acquisition and disposition of foreign currency and the control of transactions involving foreign currency or non-residents.

Mr. J. M. MACDONNELL (Muskoka-Ontario): Mr. Speaker, I would like to make one or two comments on this bill. I rather anticipated that there would be a statement from the minister. I had understood that there was to be a motion to refer the bill to the banking and commerce committee. Did I misunderstand?

Mr. ABBOTT: No; that is correct. I had intended to say a few words, Mr. Speaker, although I have no intention of making a speech on the second reading, because the Minister of Finance (Mr. Ilsley), when the resolution preceding this bill was introduced, made an extended statement outlining the purposes of the bill. He indicated at that time that after being given second reading the bill would be referred to the banking and commerce committee. That is the intention of the government, and the motion for second reading as put should include that the bill be referred to the banking and commerce committee. As the minister indicated, there is no desire to curtail debate on the second reading, although in the interest of expediting the business of the house I perhaps might express the hope that the greater part of the discussion and questions with respect to this rather technical bill might well take place before the banking and commerce committee.

Mr. MACDONNELL (Muskoka-Ontario): Mr. Speaker, I agree with the suggestion of the minister and I wish to make just one or two brief comments.

This bill is one of very great importance, not only because of the matters contained in it, but because I think it is another step towards the further control of our lives by experts. Now experts are very good poeple, and in the last several years we have had to submit to them in many ways, and we are not going to get rid of that for some time. But I do feel that in considering a bill of this kind we should bear in mind its far-reaching implications, and that it is, whether we wish it or not, another step to a controlled economy.

In particular I want to make one suggestion, which can be further considered in the committee, but I am making it now in the hope that possibly it may not become a matter of party difference. The suggestion I make is that this bill should not be made of indefinite tenure, but that it should be for a limited period. The emergency powers bill was for a limited period, and I suggest it would be very desirable that this bill be for a limited period, for this particular reason: if it extends for an indefinite time it just goes on and on, and people get used to the idea, and there is no opportunity for it to be reviewed. It becomes part of the landscape. I do suggest, and this is the only point on which I shall take up the time of the house, that the government might very seriously consider whether this bill, like the emergency powers bill, might not be made for a special period. Then it could, if necessary, be extended. That would have two results. First of all, the act will have to come up and justify itself. Secondly, and perhaps most important, if it is for a special period, then those in charge of its administration will almost automatically have moral pressure put upon them to try during that period to work towards a situation where it may no longer be necessary to continue it.

Mr. ANGUS MacINNIS (Vancouver East): Mr. Speaker, it is not my intention to discuss the bill at this stage. We believe that the proper procedure is the procedure being followed, to have the banking and commerce committee deal with the bill, and if there is anything further we wish to say, we can say it when the bill is reported back to the house.

There were two points made by the preceding speaker (Mr. Macdonnell) on which I should like to comment briefly. He said that this was perhaps just another step in the control of our lives by experts. Well, if there is anything that is worse than being controlled by experts it is being controlled by people who

are not experts and that is what I imagine we had prior to the creation of the foreign exchange control board. I am sure the hon. member for Muskoka-Ontario would be the last one to suggest that foreign exchange control when it was first introduced did not serve a useful purpose at a very critical time. As it is apparent that that critical time has not yet passed, I think the measure should be extended for a further period. Whether a time limit should be provided in the bill itself, I am not prepared to say; it is one of the things that can be discussed in the banking and commerce committee. I am willing to leave that point until the committee reports.

Mr. VICTOR QUELCH (Acadia): Mr. Speaker, I have just a few comments to make regarding the general principle and purpose of the bill, because after all we do endorse the principle on second reading. On the resolution stage, on June 17 last, I stated that this group believed it would be in the interest of Canada to maintain the foreign exchange control board as a peacetime measure. We believe that the board served this country well during the war, and that it can have a very important part to play in the future. But when I said that I made it quite clear that I did not mean that in supporting the principle we approved all the policies of the board in the past or as it operates to-day.

There is one statement in the preamble which I would like to read, and then explain the situation with regard to it. At line 13 of the preamble we find the statement:

> And whereas it is desirable to provide means for achieving orderly exchange arrangements and in general discharging the obligations of Canada as a member of the international monetary fund.

When the Bretton Woods agreement was before the house for discussion last year, I think we of this group made it quite clear that we were opposed to that agreement. However, parliament decided that we should become a member of the international monetary fund, and also of the bank of reconstruction. A sufficient number of other nations agreed to join the fund, and therefore it is understood that we are going ahead with the Bretton Woods agreement, and that the machinery for the fund, and the bank, are being set up. That being so, although we are still of the same opinion, that it would be a good thing for the world at large if the Bretton Woods agreement were dropped, nevertheless, in view of the fact that it is being gone on with, we think it important that everything possible should be done to make the fund work in the interests of Canada and of the world as a whole. But we emphasize the view that we should be very careful not to sign any more agreements which will still further restrict the action of the foreign exchange control board. In saying that I have especially in mind the United States proposals for expansion of international trade.

We are convinced that the Bretton Woods agreement will not prove a success unless the creditor nations are prepared to make far-reaching changes in their trade policies. Unfortunately there does not seem to be any sign on the part of the creditor nations that they intend to make those changes. The Minister of Finance, in his speech on June 17, seemed very uncertain regarding the future condition of international affairs. He seemed to have grave doubts in his mind as to just what was going to happen. I should like to quote his remarks in that regard, to be found on page 2547 of *Hansard*:

> I should like to summarize what I have said in this way. The general character of the international financial and economic relations between nations which is going to prevail in the future is still uncertain. We hope that it will be one which does not call for restrictive controls and we shall do evertyhing in our power to bring this about. But we cannot be certain that the world we are going into will be what we would like to see. It may be a world of economic friction instead of cooperation.

I should like to pause there to say that I wonder whether if the minister thinks that capitalizing on the distress of certain nations resulting from the war, to force those nations into adverse, even suicidal agreements such as that of Bretton Woods, will help to remove that friction I wonder whether the minister really thinks that to force nations into these agreements helps to establish good will, restore confidence and prevent the development of the kind of friction which he seems to be afraid of. I would further ask whether the discussions which have already taken place between the United States and Great Britain on the proposed loan have helped to increase good will between those nations. I believe everyone who has read the discussions which have taken place about it in the United States and Britain must agree that the situation has been further aggravated and more friction has developed. I proceed with the minister's speech:

> We cannot demobilize our main economic defence without being absolutely certain that it will not be needed. We cannot leave ourselves in a position where our choice of domestic economic policies has to be influenced by the consideration that one policy or another may lead to capital withdrawal by foreigners or capital flight by Canadians.

Let me say here that if that is true of Canada, as a gold producer and as a nation which in the past has been able to maintain a favourable balance of payments for a number

of years, how much more true must it be of those nations which are not gold producers and have had the experience of a chronic unbalance of trade in the past.

But the next statement of the minister is one to which I particularly wish to draw the attention of the house, because it appears to be a very peculiar statement to make at this time:

> We have no intention of using this exchange control legislation to restrict anything but certain types of capital movement.

This is the point I want to refer to:

> We expect to be able to avoid any interference with current account transactions.

Why should the minister say that we expect to avoid any interference with current account transactions? He knows very well that by the Bretton Woods agreement we have to avoid it whether we like it or not; we have no power under the agreement to interfere with current accounts; therefore why does he say that we expect to be able to avoid this interference? Is he starting now to doubt whether we can carry out the Bretton Woods agreement?

Mr. BLACKMORE: Perhaps he understands it a little better now.

Mr. QUELCH: The Minister of Finance was under the impression that we would be protected under article VII, which provides that when a scarcity of currency develops we are allowed to place restrictions against the imports of nations whose currency is scarce. But unfortunately article VII applies only when a scarcity of currency develops in the fund; it does not apply when a scarcity of currency develops within any one nation. The mere development of scarcity of currency within one nation does not permit that nation to place a restriction against the imports of the nation whose currency is scarce.

The minister in his speech proceeded to emphasize the need for the stabilization of exchange. But I think he must be careful not to confuse effect with cause. Fluctuations in rates of exchange, apart from speculation, are very largely the effect of adverse trade balances. Nations in the past have devalued their currencies in order to expand exports and thereby balance their trade. The monetary fund definitely limits that power under articles IV, V and VI, and under article VI proceeds to penalize a nation which is unable to balance its trade over a period of time.

Take the position of Canada prior to the war, and again to-day. The minister refers to it on page 2540 of *Hansard*. He states:

> With the United Kingdom, the rest of the sterling area, and with the continent of Europe, we had a surplus; with the United States we had a deficit.

Surely the logical solution of a condition of that kind would be an attempt to expand our imports from the United Kingdom and the rest of the sterling area, in order to make it possible for them to balance their trade with us, and either expand our exports to the United States, or, if they refused to buy, curtail our imports. Unfortunately, however, we no longer have that power. Under the Bretton Woods agreement we have given up that power, so that we are unable to restrict imports from a nation which insists upon having a favourable balance of trade with us. Under the United States proposals for the expansion of trade, that power will be still further restricted. Of course, so far as I understand it, Canada has not signed the United States proposals. Britain was forced to sign them in order to get her loan, and I think it is generally understood that Canada intends to sign as well. But again I say that if we want to make the Bretton Woods agreement succeed we should be very careful not to place any further handicaps on our foreign exchange control board.

While the minister refers to the fact that, under article VII, when a currency becomes scarce the nations are allowed to place restrictions against imports, on the other hand the nation which everyone has in mind when talking about scarce currency is, of course, the United States of America. Personally I am very doubtful indeed whether the United States will allow her currency to become scarce, because if she were to allow a scarcity of her currency with the fund, then the nations of the world would be allowed to place restrictions against imports from the United States. It is far more likely that the United States will expand her loans to other countries, or buy gold, thereby preventing her currency from becoming scarce in the fund, and thereby preventing other countries from exercising any controls or restrictions whatsoever against imports from her. Of course, by making loans, they gradually buy up the capital assets of the debtor nations, and you have a vicious form of American imperialism in operation.

One of our main complaints against these proposals is that they do not provide in reality for the stabilization of the currency at its real value, but merely in terms of gold; because no provision whatsoever is made in the Bretton Woods agreement or in the United States proposals for the stabilization of price levels. And of course the real value of money must be based upon the purchasing power

within the country of its origin; that is to say, if the price level in Canada goes up, the Canadian dollar buys less, and if the price level in Canada goes down, then automatically the Canadian dollar buys more Therefore in determining the relative values of the currencies of the world, one must be governed by their existing price levels, and so long as creditor nations are willing to accept payment in goods, thereby permitting debtor countries to balance their payments, there will be little need for a nation to devalue its currency. Unfortunately, however, that is not the situation to-day, and the United States of America and Canada together must take a very large responsibility for the fact that it is not the situation. Therefore I would like to consider the act for a few minutes in the light of existing conditions instead of conditions as they should be.

The purpose of the foreign exchange control board is outlined in the report of the foreign exchange control board for 1946, at page 9:

> The purpose of exchange control was to maintain exchange stability and to conserve Canada's supply of United States dollars for essential war and civilian requirements by ensuring that it was not dissipated on non-essential purposes such as capital export.

That was the situation in 1939 at the start of the war. To-day it is to a large extent reversed. At that time there was danger of United States citizens selling Canadian securities on account of the fact that Canada had gone to war and no one knew then what the result of the war might be. People were naturally getting a little scared of what might happen and were trying to unload their holdings of Canadian securities, with the result that there was danger of a shortage in Canada of United States dollars. The situation eased from 1941 onwards, owing very largely to the Hyde Park agreement, and also to the fact that the United States entered the war. From then on United States capital flowed into Canada, and that is also referred to in the report of the board at page 27:

> In the later years of the war the inflow of capital to Canada from the United States became an important source of exchange. The inflow took the form mainly of the purchase of Canadian securities by United States investors. The movement first became marked in 1942 and rose sharply in 1943 when the gross sales of outstanding Canadian securities for United States dollars amounted to nearly $200,000,000 or almost twice the total in 1942. While there was some falling off in 1944, the total for the year still exceeded $100,000,000, and in 1945 rose again to more than $200,000,000.

Unfortunately although the war is over that practice is continuing; in 1945 United States net purchases of dominion bonds stood at $134,000,000, and in the first three months of this year net purchases of Canadian bonds by Americans amounted to $65,000,000. I think most members will agree that this is definitely not in the interests of Canada, and it could be stopped by the foreign exchange control board refusing to issue permits to residents desiring to sell bonds to non-residents. The reason I say it is not in the interests of Canadians is first of all the fact that it is very highly inflationary. The minister of Finance is constantly warning us in this house against the danger of allowing wages to rise, or allowing the prices of primary products to rise, on the ground that it is inflationary. I would point out that neither of these measures would be nearly as inflationary as large-scale selling of Canadian bonds to non-residents, because when you allow the price of wages to rise or the price of agricultural products to rise, you do to a certain extent stimulate production—you are bound to—thereby increasing production. But when you allow the sale of Canadian securities to non-residents, to Americans, you increase the amount of money in circulation without expanding production in any shape or form.

I would agree that if at the present time we had a lack of effective demand in the country, a lack of purchasing power, then the sale of Canadian securities, by increasing the amount of money in circulation, would help to stimulate production. But that is not the situation to-day. We expect it to be the situation in the not far distant future, but at the present time no one can claim that there is a shortage of purchasing power to buy production, and certainly there will not be as long as we carry on a large-scale export of goods to meet the needs of devastated areas in Europe.

It may of course be argued that this will not be inflationary if the United States dollars obtained by the sale of Canadian securities are used to purchase goods in the United States. Of course if United States dollars obtained by the sale of Canadian securities were used to purchase American goods, and those goods were brought into the country, the result would not be inflationary; but that is not the practice of the foreign exchange control board. Page 18 shows clearly that that is not their policy. The policy is to try to use American dollars to purchase securities payable in American funds so as to balance the transactions. Secondly, I think hon. members will agree that it would not be in the interests of Canada to use these American dollars for the purchase of goods, because then we would be financing consumption in this country by expanding our external debt to

the United States, and there is no need to expand our debt to the United States at the present time.

Most hon. members, I believe, will agree that the only justification for the sale of Canadian securities to non-residents or residents of the United States would be for the refunding of existing obligations at a lower rate of interest, and to the extent to which that is done there is no harm. Our policy therefore should be to reduce our obligations to the United States and not to expand them. That is the main difference between the situation to-day and the situation that existed in 1939-40. At that time we had to increase imports from the United States in order to maintain the greatest possible development of our resources in this country so as to expand our war effort. In order to do that we had to increase our holdings of American dollars, and to accomplish that, we had to encourage the inflow of American capital into this country.

That was justifiable for the purpose of winning the war. At the present time, in view of the fact that the United States is our only creditor, or our main creditor, it is certainly to our advantage to do everything we can to reduce our indebtedness to the United States rather than to expand it, because we are certainly not going to solve our problems by expanding our interest payments to the United States, as would be done, or is done, when we sell Canadian bonds to non-residents.

Quoting again the purpose of the foreign exchange control board as set out at page 9:

> The purpose of exchange control was to maintain exchange stability and to conserve Canada's supply of United States dollars for essential war and civilian requirements by ensuring that it was not dissipated on non-essential purposes such as capital export.

That was the purpose in 1939, and I am sure all hon. members will agree that it should also be the purpose to-day. It is just as important in the future to see that our wealth is not dissipated by foreign investments in nations not our creditors instead of using it to expand our imports. I say "not our creditors", because if a nation is our creditor, then of course we can make an investment in that country to balance their investments in Canada. But there can be no possible justification for doing that with countries which are not our creditors.

Again we must remember the history of foreign investments. So far as Canada is concerned we have very little history in that regard; but let hon. members recall what happened to Britain under its large scale policy of foreign investments. According to Arthur Michael Samuel, in the sixty years prior to 1914 Britain lost somewhere in the neighbourhood of $16 to $20 billion of her foreign investments; and speaking from memory I believe the United States lost somewhere in the neighbourhood of $10 to $11 billion of her foreign investments between the two wars. In other words, both these nations were dissipating their wealth. A young nation such as Canada cannot afford to dissipate its wealth in that way, at least not until such time as everybody in this country has a decent standard of living. After we have achieved that, it no longer becomes so important what we do with the surplus.

I know the minister favours the idea of meeting our obligations with the United States by making advances to other nations and then by the convertibility of currency meeting our payments to the United States by converting those credits. In actual practice we might not only lose these credits but at the same time make no reduction in the debt we owe to the United States, if we suffer the same consequences that Britain suffered prior to 1914, and also the United States between the two wars. It must be obvious that you cannot have convertibility of currency without a proper regard for the balancing of trade, and until such time as creditor nations recognize and live up to their responsibility to balance their trade with other nations we cannot expect much progress on this point. Any attempt continually to use sterling balances to meet our obligations in the United States may well force Britain to default and force it out of the Bretton Woods agreement.

Already a keen fight for foreign markets is developing. Somebody was kind enough to send me a copy of the magazine called *World Report* with a note to look up page 34. I do not know whether this magazine came from the Department of Trade and Commerce. Maybe it came with the minister's compliments. But it has an interesting statement on page 34, which is headed: "Canada Capturing Markets in Latin-American Nations." Then it goes on:

> By quick conversion of her industry, she has gained a head start over United States, United Kingdom and other exporters.
>
> Canada is making an aggressive bid—

That is the way to create a good feeling with other nations, by being aggressive in this way. I continue with the statement:

> Canada is making an aggressive bid for increased trade with Latin-America. As a result of her campaign for this business, she is to become a competitor of the United Kingdom, the United States and nations of the European continent.
>
> Canada's objective is to boost her exports to Latin-America to eleven times their 1938 level.

In order that Britain may meet her obligations under the Bretton Woods agreement and under her loan from America, we are told that she has to expand her exports by seventy-five per cent. We are entering into competition with Britain for markets in Latin-America, and we are also trying to expand our exports. That is bound to result in keen competition. With that kind of policy I am not surprised that the minister states he views with some alarm the kind of world which may be developing, because Canada is taking an active part in helping to develop international friction. The statement goes on:

> Markets must be found for $1,750,000,000 to $2,000,000,000 worth of exports if Canada is to maintain employment and income at desirable levels, according to the opinions of dominion economists.
>
> The United States is expected to continue, in the long run, as Canada's best peace-time customer. The United Kingdom, which formerly tied sometimes with the United States for first place in Canadian trade, will be unable to approach her pre-war purchasing rate unless pending loans from the United States and the dominion are approved.

Mr. ABBOTT: Would the hon. member permit a question? Where is this magazine published? I got the name but I did not hear where it was published.

Mr. QUELCH: I have not seen it before. It is an interesting weekly magazine on world affairs. I think all hon. members received a copy of it.

Mr. MacKINNON: Published in the United States.

Mr. QUELCH: Was this sent out with the compliments of the Minister of Trade and Commerce?

Mr. MacKINNON: Not by me personally; it may have come from my department.

Mr. QUELCH: I do not know who sent it, but they told me to read page 34, and page 34 is worth reading.

Mr. MacKINNON: I imagine that was the opinion of the person who sent it to the hon. member.

Mr. QUELCH: Yes. I presume this article was written by a Canadian, a member of the Department of Trade and Commerce. At any rate it was written by somebody thoroughly familiar with the figures.

Mr. MacKINNON: To keep the record straight, I think the article is an observation of a United States writer in a United States magazine.

Mr. QUELCH: And the information was supplied, I suppose, either by the Department of Trade and Commerce or by some confidential source. I will not suggest that any official secrets have been disclosed. By way of comment on it I would say that the only way Britain can expand her trade and meet her obligations is by Canada and the United States buying more goods from Britain. Apparently we are not so much interested in that as we are in expanding our exports, because time and again the Minister of Finance has stated in this house that we shall use large amounts of our sterling balances not for the purpose of buying more goods from Britain but in order to meet obligations to the United States. One wonders just how Britain will be able to meet her obligations if the United States adopts the same tactics.

I was quite interested in a Canadian press dispatch which appeared in the papers under date of June 26. The heading of the article is: "United States Opposition May Delay Anglo-Canadian Wheat Pact", and it reads as follows:

> United States opposition to the proposed Anglo-Canadian wheat agreement may delay negotiations but will not prevent an agreement being reached, officials in touch with diplomatic and market aspects of the question said to-day.
>
> * * *
>
> It was freely admitted, however, that the United States has presented to the Anglo-Canadian negotiators a number of factors that must be considered:
>
> These are:
>
> 1. The reaction in the United States if the purchase agreement enables Britain to buy wheat from Canada over a long period at a price little more than half that which American farmers are receiving.

I am specially interested in the next point:

> 2. The inconsistency of such a bilateral agreement in the light of the white paper issued by the State Department last December and endorsed by Britain calling for an international effort to remove trading discriminations and put world commerce under control of multilateral agreements ensuring free opportunity to all.
>
> It is understood the British negotiators, led by Food Minister John Strachey, were asked to consider what the effect of a bilateral agreement to purchase Canadian wheat would be on the congressional debate over approval of the $3,750,000,000 loan to Britain.

I read that because I am interested in the view expressed by officials of the United States, that they consider this agreement to be a contravention of the white paper. When we were discussing the Bretton Woods agreement last year we warned that by signing the agreement we would be making it difficult for Canada to make trade agreements with countries in Europe; that these trade agreements might be regarded by the United States as a contravention of the Bretton Woods agreement. Now when the first major agreement comes up, the United States apparently is objecting to it on the ground that Britain

is breaking her obligations under the white paper. I take it that the white paper is not the Bretton Woods agreement but the United States proposals for expansion of world trade. Maybe that is the proposal which Britain signed, but so far we have not signed it. But an agreement must be between two people; it cannot be on the part of one only. Therefore if the countries in Europe are bound by an international agreement with the United States, it becomes impossible for us to make a contract with them which is a violation of their agreement with the United States.

Another point I want to bring out is that we are asking the farmers at the present time to accept prices considerably lower than world market prices, on the understanding that we will have a long-term agreement for the future under which they will receive good prices. Now apparently we are finding it difficult to make these long-term agreements. Again I emphasize that we must be very careful not to sign the United States proposals for an expansion of world trade until certain amendments have been made to those proposals.

Mr. BLACKMORE: We have signed too many already.

Mr. QUELCH: Yes, but we do not want to make it worse by signing more. If anything, we should try to amend the existing agreements, though I know that is practically impossible. The important point is that control of foreign exchange should be for the purpose of helping to maintain the development of a nation's resources at an optimum level. As long as nations are willing to balance their trade, there need be no difficulty in stabilizing the rates of foreign exchange. On the other hand when creditor nations refuse to accept payment in goods, thereby forcing other nations into debt, currency devaluation is bound to ensue as a necessary protection. That was one of our main complaints against the Bretton Woods agreement—that while it removed a nation's defence, it did not remove the causes which made a nation want to make use of that defence. Therefore I would say the consequence of the Bretton Woods agreement and of all these international agreements may very well be not an expansion of international trade but a reduction of imports and an intensification of economic nationalism. Already we are seeing that very thing take place in Great Britain; it has been referred to on more than one occasion by Prime Minister Attlee. He has spoken of the need to reduce imports in order to meet their foreign obligations, and the need to develop their own resources to a greater extent so that they will not have to depend upon the resources of other nations. That is the attitude Britain is taking to-day after signing an agreement supposed to be for the purpose of expanding trade. Already in Britain it is having the effect of intensifying economic nationalism. So I would go so far as to say that the inevitable consequence of the operation of these various international control measures will be an intensification of economic nationalism, unless there is a complete change of policy on the part of the creditor nations, of which there is no sign at the present time.

Under the Bretton Woods agreement the Canadian dollar is to be valued in terms of the United States dollar or gold; and I understand it will be largely the responsibility of the foreign exchange control board to maintain that relationship. Suggestions have been made by a number of people, and suggestions were made in this house on June 17, that it would be in the interests of Canada to maintain the Canadian dollar on a parity with the United States dollar. When the hon. member for New Westminster (Mr. Reid), I think it was, made that suggestion on the 17th I stated that I did not think it would be to the advantage of Canada to maintain parity with the United States. Unfortunately at that time *Hansard* dropped the word "not," giving my words the opposite meaning; but on every occasion this matter has come up in the house I have objected to the suggestion that the Canadian dollar should be placed on a parity with the United States dollar. My reason for taking that position is this: If that parity is established, either Canadian exporters will receive ten per cent less for their exports or the foreign purchasers will pay ten per cent more. In either case Canadian exports will be discouraged; and in view of the fact that the United States is our main, or perhaps I should say our only, creditor, the present need is to encourage our exports to that country rather than the reverse. If we raise the value of the Canadian dollar, in terms of the United States dollar, by ten per cent, then under the Bretton Woods agreement our currency will be raised ten per cent in relation to the currency of all nations, not merely that of the United States, because all currencies are convertible under the Bretton Woods agreement. So our primary producers may be at a serious disadvantage in competing with nations such as Australia, the Argentine, New Zealand, and perhaps in the future Russia, because of the fact that their currencies are already depreciated considerably below the Canadian dollar. Moreover, Australia, New Zealand and Russia have not signed the Bretton Woods agreement; therefore in

future they will be able to devalue their currency to any extent they see fit, while we, having signed the Bretton Woods agreement, would be able to devalue our currency only ten per cent below the rate set when we joined in the agreement. Therefore it does seem to me that as long as we are under the Bretton Woods agreement, which in my opinion represents nothing more or less than laissez-faire capitalism, cut-throat competition and American imperialism, we must protect ourselves by maintaining the Canadian dollar below the United States dollar, because once we set the value of the Canadian dollar we are allowed to vary it by only ten per cent one way or the other without the permission of the fund.

So let us hope the day will come when the creditor nations will recognize their responsibility to balance their trade. Then and only then, I believe, the exchange rate of the Canadian dollar with any other unit of currency can be established on the basis of the internal price level in Canada as compared with the corresponding price levels in other countries. Then one of the main causes of international friction and international trade restrictions will be eliminated, and international trade may help promote good will and friendship. Then perhaps the minister will be able to look to the future with less fear than he looks to it to-day.

Mr. ABBOTT: I have only a word to add—

Mr. SPEAKER: Order. If no other hon. member wishes to speak the minister will close the debate.

Mr. BRACKEN: I have just one question, with respect to procedure. I understand this bill is to go to the banking and commerce committee; that it will not first be considered in committee of the whole, but that after it comes back from the banking and commerce committee it will come up for consideration in committee of the whole?

Mr. ABBOTT: That is correct.

Mr. H. R. JACKMAN (Rosedale): May I say just a few words in regard to this bill before it is referred to the banking and commerce committee. I have no fixed opinion as to the rightness or wrongness of continuing the foreign exchange control board, whether temporarily or permanently, though I might say that as far as one can see from the bill it is the intention to continue the board for ever. Certainly one could not have any strong objection to continuing the controls we now have until the Bretton Woods agreement comes into operation and we have at least that slight uncertainty out of the way. However, sir, I do approach the question of all these government controls from the point of view that the fewer we have of them the better off we are; and that applies to foreign exchange control as well as to any other control. There may be some advantages to some types of business men in having controls, some inefficient business men as well as some efficient ones, but on the whole I believe business men would rather do without them. I think it is in the best interests of all our people that we should have free, competitive business wherever possible; and it is a sign of weakness that we should have to resort to controls in regard to our foreign exchange. The United States, which is a strong monetary power as well as a strong physical and industrial power, does not have to resort to foreign exchange control to protect its currency or its national economy.

Mr. ABBOTT: It is the only country in the world that does not.

Mr. JACKMAN: We are adjacent to the United States. I take it my hon. friend the Minister of National Defence (Mr. Abbott) is acting for the Minister of Finance in his absence; and if he thinks the United States is the leading nation in the world I suppose there is no reason why we should not follow in the footsteps of that country in regard to foreign exchange control, just as of necessity, because of our similar economic conditions, we follow in the footsteps of the United States in other ways.

Mr. ABBOTT: I did not say she was the leading nation in the world.

Mr. JACKMAN: You said it was the only nation that did not have to resort to control. Certainly we all know that because another great country had taken on financial responsibility in connection with the war, by force of circumstances, the United States alone had a currency which had convertibility everywhere in the world. The Minister of Public Works (Mr. Fournier) and I both remember that when we were in Portugal. The value of the pound in American currency was about $2.40, but the American dollar, which I believe was on a gold basis at that time, was the medium of exchange that could be depended on, that obviously had purchasing power. If you had an American dollar you knew you had something. I should like to see our Canadian dollar on the same basis. There may be a fear at the present time that the Canadian dollar will go to a premium over the American dollar, because intrinsically our dollar is a stronger dollar; it has more purchasing power at the present time.

Mr. MITCHELL: It is a sounder dollar.

Mr. JACKMAN: The minister, speaking on his own behalf, although I am sure he shares the confidence of the cabinet, says that our dollar is the stronger dollar. Why should we prefer to have it at a ten per cent discount? That is an artificial situation. Many of our industries, such as newsprint, find that the profit on their product, which is sold largely in the United States, depends upon the exchange. The United States dollar commands a premium now, and there might be great repercussions if we allowed our dollar to go to a premium over it.

This brings me to the point which I mentioned earlier, that I am quite willing that we should have control until we find out where we are going to be after Bretton Woods, which, as I understand it, will have to do with the setting of what the interrelationships of foreign exchanges are to be. Until that time let us continue it, because we may find that the Canadian dollar will not sell at ten per cent discount *vis-à-vis* the American dollar and ten per cent premium *vis-à-vis* sterling.

I should like to point to one or two considerations which are in my mind as we consider this bill, which is to be sent to the banking and commerce committee. First I should like to ask how much better off Canada would have been in 1939 than she was had we had foreign exchange controls during the thirties, with all the nuisance of the forms and regulations which foreign exchange control entails. The government of the day did a very good job in 1939 in clamping on the controls and freezing all capital movement and current account movement between Canada and other countries. We were thus able to conserve our currency, and subsequently by means of the Hyde Park agreement Canada was able to exercise a beneficial control over her international exchange account. How much better off would we have been had we had foreign exchange control prior to 1939? How much better off shall we be if we continue foreign exchange control now, with all the nuisances that accompany it, if at some future time an emergency such as a war should arise? Shall we be better off with that control than we would be if we allowed exchange to take its normal course, and clamp on the control when an emergency arises? It seems to me that if we maintain controls now, there is some validity in the comparison of a nation keeping a standing army in peace time. There are certain things a nation can afford and certain things it cannot afford because they are not worth while.

While there is relative freedom on current account as far as international trade is concerned, that is in anyone getting foreign exchange in order to purchase goods abroad, and also in selling foreign exchange which we receive for goods we have sold abroad—there is not much difficulty in connection with current account—on capital account transactions, however, there are definite restrictions. In other words if a Canadian wishes to make a new investment in the United States or some other country, he is prevented from doing so by the regulations now in force.

May I just make an observation here which I think has some consequence. I do not think it is too much to say that the fact that Great Britain through her early history had a free capital market whereby her nationals could invest money anywhere in the world, the fact that she had built up a large foreign investment reserve, the fact that that reserve was available at the outbreak of the war before the United States adopted lend-lease and when Great Britain had to pay cash on the barrel head, saved civilization. I do not think it is an exaggeration to make that statement. It certainly gave Great Britain a chance to get goods and munitions to hold off the enemy and give the rest of us on this side of the Atlantic a chance to arm for the conflict.

While some reasons may be advanced why foreign exchange control on capital account should be maintained, I wonder if we fully understand the advantages of having a free capital market. If we were so unfortunate as to become engaged in another war and found that our nationals had large investments abroad, or across the border, we could realize on those investments and immediately get goods or munitions into our country where we would need them. It would be much more valuable than to have foreign investments than it would be to have the money or capital in our own country. You are able to control your own country anyway, but you cannot tell Uncle Sam or someone else what his nationals are to do. If you have gold or investments in their countries they will be quite willing to take those investments and ship you the necessary goods. I raise this point and perhaps those in charge of the foreign exchange control board will be able to answer me satisfactorily.

There are only one or two other points, some of consequence, which I wish to raise. First, foreign exchange control is a frightful nuisance to a business man and to individuals. If you want to send a magazine subscription to the United States, or pay dues of some sort, you have to send to the bank and fill out

forms. If you want a larger amount for travelling, you have to write to the board and submit everything to scrutiny.

Mr. ABBOTT: I have forgotten the limit, but I think one can get anything up to $25 without any permit.

Mr. JACKMAN: You have to go over to the bank and fill in the forms.

Mr. ABBOTT: No. You can go into a post office and get a post office money order in United States funds.

Mr. JACKMAN: I wanted $6 to send over as a registration fee to a meeting I was attending in Boston, and I know my secretary had to go and fill in those forms. Then I wanted some money for travel in the United States, and it was necessary to fill out other forms. You must surrender these forms when you cross the border.

Mr. ABBOTT: That is for travelling.

Mr. JACKMAN: I have found that the minister sometimes is not so well informed on these matters.

Mr. ABBOTT: I am not omniscient, but I do know that you can get up to $25 or $50 for ordinary purchases in the United States without filling in any form.

Mr. JACKMAN: It is a matter of fact, and there is no use arguing about it. Neither of us is certain. I am only reciting my own experience. If you want a substantially larger amount for summer vacation purposes in the United States it is necessary to write to the foreign exchange control board and have them pass upon it. Then you go through the procedure of actually filling in the forms to get the exchange. If my hon. friend does not believe it, let him try it.

Mr. ABBOTT: I have done it without doing that.

Mr. JACKMAN: I was not aware there was any ministerial pull.

Mr. ABBOTT: I just went into the bank in the ordinary way and filled out a form.

Mr. JACKMAN: These are matters of fact which the minister can find out himself. I leave it to him to find out. I am simply reciting my own experience in the city of Toronto.

Mr. ABBOTT: Everything is different there.

Mr. JACKMAN: However, I will say this on behalf of the board. It is convenient for traders on international account to know that they can buy foreign exchange at a fixed rate and sell it at a fixed rather than a fluctuating rate. But the danger is that if these rates are artificial and are sometimes subjected to severe readjustment—the Canadian dollar is now selling too low in world markets—the readjustment to a proper value if it comes suddenly may cause real hardship, which would be avoided if the readjustment came gradually and the higher level of the dollar was foreshadowed by gradual increases in its value.

A point of more significance than the forms in which the Minister of National Defence is so well versed is the fact that Canada is becoming the third or fourth largest trading nation in the world. We must therefore have a very large volume of foreign exchange passing through the board and through the banks. At the present time we are well on the road to becoming in a fairly substantial way an international money market, but we shall never become an international money market so long as we have regulations which prevent the free deposit and free withdrawal of money in this country, particularly on capital account. When I speak of capital account I have in mind the fact that international exchange markets have always been subjected to money which flows from one market to another, upsetting them, and I have no objection to a stabilization fund being maintained which will offset that danger to some extent at least. There is a real source of revenue for Canada in becoming a money market but if we insist on retaining the foreign exchange control board we lose all possibility of having an international money market as compared with the United States, where there is complete freedom.

Again, as one reads the bill, one sees in it a further tendency to a managed economy. There are many people in this country, I think the great majority, who do not wish to have everything regulated for them by the government. But some people, once put into power, never want to give it up, and they always find good and substantial reasons why their controls should not be relaxed. Of course there are always dangers. I never expect to live in a world without uncertainties. There are too many complications at the present time and too many different ideologies around us for us to have what some of us believe to have been the state of things in the Victorian era. If the government says that we must have controls and a managed economy because there are so many uncertainties facing us, I say that if many of these matters are left to the natural working of economic forces, which will in the long run prevail anyway, we shall know what our position is; we can plan as individuals much better than the government can ever plan,

and the planning by individuals will bring about for our people a better standard of living than can ever be achieved under a managed economy.

Hon. DOUGLAS ABBOTT (Acting Minister of Finance): Mr. Speaker, a number of points have been made in the course of this debate on which I should like to say a word. The hon. member for Muskoka-Ontario (Mr. Macdonnell) and the hon. member for Vancouver East (Mr. MacInnis) have pointed out that whether a time limit should be placed on the operation of the bill is a question which may well be considered by the banking and commerce committee, where the pros and cons can be gone into.

I have no desire to review in detail the various points raised by the hon. member for Acadia (Mr. Quelch), or to argue the case for the Bretton Woods agreement, or whether residents of the United States have been allowed to purchase greater quantities of Canadian securities than they should have. These are matters that can be discussed before the banking and commerce committee. I do wish to refer to one statement by the hon. member for Acadia. If I understood him correctly, he said that Canada was attempting to force other nations into suicidal agreements. Let me say that so far as I am aware Canada is not attempting and has not attempted to force any other nation into any agreement.

Mr. QUELCH: Is it not true that the Minister of Finance in supporting strongly the Bretton Woods agreement said that we were actually pushing it?

Mr. ABBOTT: I do not dispute that the government is supporting the Bretton Woods agreement, but I do take issue with the statement that the Canadian government is forcing any other government into any agreement, suicidal or otherwise. I take it, it is not the desire of the majority of the members of this house that we should not enter into any form of international agreement, but I gather from the remarks of my hon. friend that he is against international agreements of any kind.

Mr. QUELCH: Oh, no; only certain ones.

Mr. ABBOTT: Only if they relate to monetary or trade matters.

Mr. QUELCH: If they are of a restrictive character.

Mr. ABBOTT: I do not want to labour the point. But I do say that the Canadian government is in favour of international agreements which will make for greater freedom of trade.

Motion agreed to, bill read the second time and referred to the standing committee on banking and commerce.

COMBINES INVESTIGATION ACT

MONOPOLISTIC TRADE RESTRICTIONS—COMBINATIONS IN RESTRAINT OF TRADE

Right Hon. L. S. ST. LAURENT (Minister of Justice) moved the second reading of bill No. 193, to amend the Combines Investigation Act.

He said: Mr. Speaker, I have just a few remarks to make in amplification of what I said on the introduction of this bill and its first reading.

As hon. members know, the Combines Investigation Act provides for the investigation of trade combinations, monopolies, trusts and mergers which are alleged to have operated to the detriment of the public through limiting production, fixing or enhancing prices, preventing competition or otherwise restraining trade. Organizations of this kind which are against the interest of the public are defined by the act as combines, and participation or knowing assistance in the formation or operation of such combines is an indictable offence.

In outlining the purpose of the amendment on the first reading of the bill on June 5, reference was made to the report "Canada and International Cartels", which was tabled in the house at the last session, and which reported the results of an inquiry into the nature and effects of international cartels and other types of trade combinations. In that report it was submitted that need existed for strengthening the Combines Investigation Act "in certain matters of procedure including the avoidance of unnecessary impediments or delays in the conduct of proceedings under the act", and for "more adequate provision for the initiation of inquiries by the combines investigation commission into restraints of trade and unfair trade practices." The amendments now proposed are designed for that purpose. They do not alter the definition of the offences against which the act provides. The proposed amendments deal with certain matters of procedure for the investigation and prosecution of offences, which are at present defined of collusive, monopolistic and other unfair trade practices which unduly restrain or injure trade. The purpose of the amendments is to provide improvements in the procedure now made available for dealing with trade offences of this class, with a view to facilitating deterrent action respecting the commission of these offences.

The principal changes proposed by the bill are to be found in sections 2 to 6 and section 9. Perhaps I might make a brief reference to these sections, as it is what they contain that determines the nature and extent of the bill.

Section 2 provides for the appointment of deputy commissioners who may exercise the powers of the commissioner, subject to control by regulations made by governor in council. It is felt that if the act is to be effectively administered the commissioner cannot possibly conduct all the inquiries which should be made, and the appointment of deputy commissioners would enable them to act in his stead and carry out some duties which the pressure of business might make it impossible for him to attend to personally. It is not intended to provide that the governor in council shall appoint these deputy commissioners; they are to be appointed under the civil service commission, but one of them can be designated by the governor in council after appointment by the civil service commission to perform the duties of the commissioner in his absence or inability to act.

Section 3 authorizes the commissioner to make studies of cartels or other monopolistic conditions, and to report the results to the minister. It is felt that it is apt to be necessary after the abolition of the wartime controls to have studies made of the operations of these large trade organizations so as to prevent if possible, rather than to punish after the fact, conduct of organizations which might be injurious to trade. The impression is that business men in general do not want to be lawbreakers, and if these conditions are inquired into and representations are made to them as to the likelihood of their being in breach of public laws they will most often desist and modify their proceedings in such way as not to fall foul of these provisions of the law.

Section 4 would permit the commissioner to investigate complaints which may indicate breaches of sections 498 and 498 (a) of the criminal code. The several kinds of offences against which the Combines Investigation Act and these two sections of the criminal code provide are very closely related. It will be remembered that in 1935 the dominion trade and industry commission was given jurisdiction to make inquiries under the Combines Investigation Act and also into suspected breaches of these two sections of the criminal code. Then, after the hearing before the courts in 1937, the jurisdiction over the application of the combines act was removed from the dominion trade and industry commission, but it was left with jurisdiction to make inquiries into breaches of sections 498 and 498 (a) of the criminal code, frequently into the same matters which might be handled under the Combines Investigation Act. It is felt that it will be more convenient and avoid duplication to have investigations under control of one agency, whether nominally they be under the Combines Investigation Act or under sections 498 and 498 (a) of the criminal code. The chairman of the dominion trade and industry commission warmly approves the transfer of this jurisdiction to investigate under the articles of the code to the commissioner under the Combines Investigation Act, and his recommendation is concurred in by the Minister of Trade and Commerce (Mr. MacKinnon), under whose jurisdiction the dominion trade and industry commission operates.

Mr. DIEFENBAKER: Will the minister permit a question with regard to the new section 10A?

Mr. ST. LAURENT: I am coming to that.

Mr. DIEFENBAKER: But it is section 4 of the act. Since the purpose of these amendments is to have machinery which will operate quickly and more effectively than that previously in operation, why is it provided that only the attorney-general of Canada or the attorney-general of the province within which an offence is alleged to have taken place has the right to institute proceedings? Why, if enforcement of this act is desired, should not any group of persons have the right to lay an information under the act?

Mr. ST. LAURENT: It is my impression, Mr. Speaker, that anyone would have the right to lay complaints, but here, if an information is to be laid as the result of an investigation conducted by the commissioner, it is felt that that should be on the responsibility of the attorney-general of a province or the attorney-general of Canada. My hon. friend knows what prejudices may sometimes exist about certain practices which appear to be monopolistic. We had an illustration of that in the investigation of the royal commission on coal policy. At more places than one people went before the commission and attempted to make out that there existed monopolies operating in the coal trade to the detriment of the public. There had been a few years ago an investigation by the commissioner under the Combines Investigation Act; at that time it was found that there were practices which were contrary to the policy of the code and of the Combines Investigation Act, and proceedings were instituted on behalf of the attorney-general of the province of Quebec. They constituted quite a considerable undertaking. I know something about it, because I was retained by the attorney-general of Quebec to prosecute, and a very large bill was incurred in the prosecution of those offences. Whenever there is an

investigation and there are revealed things which are detrimental to the public, it has been the policy, since the act was first introduced, in 1910, to make it the responsibility of the attorney-general of the province concerned or the attorney-general of Canada to institute the proceedings and to finance them to a judgment. A charge could be laid by anyone on his own information, on his own belief, under section 498 or 498(a) of the criminal code, if one saw fit to do so. However, for the purposes of setting in motion the action of the courts as a consequence of investigations made by the commissioner it was felt that it would be desirable to have the matter under the control of one of the attorneys-general representing the whole public.

Section 5 authorizes the commissioner in certain circumstances to initiate inquiries, and thus restores a provision to the same effect which had been in the section from 1923 to 1937. It is felt that as government wartime controls are removed there will be increasing need to avoid unnecessary delays in seeking the facts as to any private restrictive agreements that might prevent or unduly limit the supply of goods or enhance their prices unreasonably. Most of these inquiries are not extensive and are intended to be rather preventive and advisory in character, and it is the view that administration will be more effective if the power to initiate such inquiries, without the necessity of producing a complaint by six persons, is restored.

In section 6 of the bill, the first proposed subsection 2A is to consolidate and revise a restriction placed in the act in 1937. It restricts the power to enforce orders on witnesses to attend and testify, which is an ordinary and needed formal power of a commissioner conducting investigations under any statute or commission. The mere existence of this power is usually sufficient; it has been used only once under the act since 1923, and may never have to be used again, because, when it exists, one does not usually attempt to resist and require that enforcement proceedings be taken.

Here the restrictions left in this provision of the bill are quite substantial. They are not found in any other statute. It was felt, however, that in view of their insertion in 1937, after a commissioner sentenced for contempt one who happened to be a lawyer, they should be retained in substance, and it may be a good safeguard to have to apply to a judge before resort to these enforcement provisions, which are usually in all other statutes authorizing inquiries.

Subsection 2A of section 6 is intended to replace section 42 of the act as it now exists. Subsection 2B would authorize a justice, on application of the commissioner, to transfer to the commissioner things that are seized pursuant to a search warrant issued by a justice under the provisions of the criminal code. It may be necessary for the commissioner to retain for the purposes of the prosecution the papers found on execution of the search warrant, and it was felt here again that the matter should not be left to the arbitrary decision of a commissioner but that he should be required to justify before a justice the propriety of retaining the things found in the execution of the search warrant.

Section 9 represents the principal substantive change in the bill. It authorizes the exchequer court to issue an order revising or cancelling patent licensing or pooling agreements or agreements relating to the use of trade marks or patents when these have been used to the detriment of the public. The cartel report showed how patent rights may on occasion be used as pretext and shields for activities which would be clearly illegal under the Combines Investigation Act if patents were not involved. Trade marks may be used as an adjunct to restrictive patent licensing agreements or employed by themselves to enforce arrangements as to the division of markets. This section is designed not to interfere with the proper use of trade marks or patent rights or deprive patentees of rewards for their inventions. It is intended to provide a means for ensuring that trade marks and patents will not be used to control an industry to the detriment of the public at large, and to furnish a workable way of preventing persons from extending patent rights beyond their legitimate bounds by using them as instruments for restrictive cartel arrangements and for the exercise of wider and unreasonable private monopoly controls. A close analogy to the type of exchequer court order proposed already exists in certain sections of the Patent Act which are designed to prevent abuses of patents by way of failure to work the patents in this country. The proposed section has a wider purpose which makes it desirable to place it in this act rather than in the Patent Act.

The general form of procedure and order is not at variance with established court procedure respecting patents. This would allow the exchequer court, instead of making an order cancelling a patent or cancelling the registration of a trade mark, to make a lesser order, if it were felt that a lesser order than absolute cancellation would prevent the undesirable effects of the use being made of the

patent or trade mark. Previously, one had to make out a case that appeared sufficiently grave to the court to justify the cancellation of the patent; whereas here, the court will not have to go to that extreme. It may be that it will be sufficient for the court to enjoin a certain form of use of the patent or trade mark.

The principal effect of section 10 is to permit the attorney general of Canada to arrange for prosecution of a combine without in practice having to wait at least three months, as under the existing section, to determine whether the attorney general of a province concerned is going to take action. Under the act as it stands, a report has to be made to the attorney general of a province and the attorney general of Canada has to wait three months to see whether the provincial attorney general will act or not before authorizing action himself. There may be cases where it would be found desirable to proceed without waiting for that length of time for a decision from the provincial attorney general. There may be such things as extend to more than one province, where it might not be right to expect that the attorney general of one province would undertake the prosecution of all those concerned in a widespread combine or restrictive arrangement. In the past the prosecution has been taken with the assistance or under the direction of the attorney general of Canada. The provincial departments have usually required the attorney general of Canada to undertake financial responsibility for the proceedings. Some of the recommendations of the report are being carried out as a result of the supply voted to the department for the combines investigation branch; and there have already been organizational changes designed to implement parts of the report of the commission. It is felt that if the house sees fit to make these amendments to the statute, we shall then have a fairly effective instrument to carry out the objectives indicated in this cartel report, which, after it was tabled in the house at the last session, obtained wide publicity and, I believe, fairly wide approval throughout the country. It is felt that there is now a responsibility upon the commission to put itself in shape to do those things which it recommended and which seem to have met with pretty general approval throughout the country.

Mr. C. C. I. MERRITT (Vancouver-Burrard): In my view this is an important measure. The principal act, of course, is itself most important and in principle it has my most thorough approval. I support the original act and this amendment on the ground that it is one of our most effective safeguards against socialism. Even those who are as enthusiastic supporters of the free enterprise system as I am will not deny that under free enterprise, as under any economic order, we have weaknesses. I believe that the Combines Investigation Act is one practical means of ensuring that free enterprise shall continue to be the enterprise of liberty and not of licence. Over one hundred years ago Edmund Burke said, "Liberty must be limited in order to be possessed." I hasten to add now that in my view the only proper limitation to liberty is a limitation imposed by parliament and not by any other agency, but perhaps that is by the way. It is this direct form of limitation, this direct action against particular weaknesses of our economic system, which will best purge free enterprise of what I call its Achilles heel, and will at the same time save us from the burdens, repressions and restrictions—and in particular from the danger to political liberty—which are always inherent in any general form of regulation such as socialism.

The weakness of the free enterprise system has always been that it has failed to solve completely the problems of equitable distribution of wealth. One of these problems, and not its least, is the control of combinations and monopolies which act against the public interest. The fact that these problems have not been solved before is not, I believe, due to any evil which exists in the Canadian people but rather because of the great difficulty of devising proper measures for their control. Therefore to say that because these problems exist and have not yet been completely solved we should embrace socialism is to step from the frying-pan into the fire; because apart from its most important threat to political liberty, without which no economic benefits would be of much use, nor would they be lasting, it is my view that socialism would aggravate rather than assuage the problems which confront us with respect to the distribution of wealth. Although under free enterprise the distribution of wealth may be imperfect, the fact remains that under that same system we have been able to create a system of production which has never been equalled by any other economic order and which, I believe, can never be so equalled. That ability to produce wealth to maximum quantity under free enterprise is, perhaps, the reason which makes it possible to bear our present admittedly defective system of distribution.

It is interesting to reflect that in fact we are living under socialism now and that we have, as we might expect, underproduction and an unwieldy and bureaucratic system of

distribution. Under any other form of socialism practised by any other party I feel sure that we would have the same unwieldy and bureaucratic system of distribution which would be worse than the difficulties which I have admitted to exist under the free enterprise system.

It is interesting to note that in the last report of the Department of Labour for the year ended March 31, 1945, it is stated that this monopolistic danger which is inherent in all controls may be enhanced by the wartime prices and trade board. No less an authority than the chairman of the board is quoted in these words in the report to which I refer:

> In some cases the continuance of such controls beyond the emergency would have the effect of restricting competition and production, and of strengthening the position of established businesses. I think you will agree that this would be most undesirable. To create a healthy and prosperous economy more competition and more freedom for newcomers to start up in business is needed—not less. That is one of the principal reasons why such controls have to be eliminated as soon as feasible and before the emergency is quite gone rather than after.

I may say that during the past few months I had occasion to investigate and to bring to the attention of the Minister of Finance (Mr. Ilsley) one small case in which the principle referred to by the chairman of the board was, in my opinion, in fact operating to damage the small businessman in relation to his greater competitors. Therefore I believe this act goes in the right direction.

At this time I wish to say that in the commissioner of the Combines Investigation Act we have a public servant who is performing a great service to the country. One has only to meet him to recognize two things about him: first, that he realizes the importance and the far-reaching effect that his job has if it is properly done; and, second, that he also recognizes what a delicate position he is in and how carefully he must guide himself in carrying out the provisions of the act without becoming a burden upon or an irritant to the business community. I believe that Mr. McGregor has a clear realization of those essential principles.

I believe that the day is surely going to come in this country when business relationships and practices such as we are dealing with here, as well as industrial relationships, labour-management relations, will be regulated by as clear a code of laws as now govern the personal relationship between man and man. Time was when such things as slavery, duelling, child labour and many less obvious malpractices between human beings were supported by law and were considered to be perfectly proper things. That time, of course, is no more. Likewise it is my belief that the time will come when all of us will recognize the evils to self and to society generally which are inherent in many trade practices which at the present time are considered, and widely considered, to be perfectly proper means of doing business. When that time comes; when we all have that realization, I am quite certain these malpractices which are themselves partly the cause of our inequitable distribution of wealth, will disappear. I feel we must all work toward that end, but in the meantime we must resist the temptation to follow the seeming short-cuts but actual blind alleys of socialism. I believe the proper regulator of ordinary business relationships and practices, and of labour-management disputes, is the same authority that now regulates our personal relations as between ourselves; and when I speak of that authority I mean public opinion translated into law, not actions of the executive government.

Before I turn to the actual bill before us, I want to make one observation as to the dangers always inherent in the other form of monopoly, what one might call public monopoly or the commodity agreement. It is very proper that under this act the commissioner does not inquire or investigate into a combination which has received the approval of this house or of any provincial legislature. I wish now simply to observe that the fact that there is no check over monopolistic practices on the part of a public body, through the Combines Investigation Act or in any other way, places upon this house and upon provincial legislatures an added responsibility to make sure that in bringing about any such combination, or in giving it their approval, for a seemingly good purpose they are not running counter to the principle expressed in this bill.

Turning to the bill itself, I want to say that I believe it really does not go far enough. Section 30, which is the only substantial alteration of the law in the bill, is very good as far as it goes, but it is entirely adjective law. It is a strengthening of the procedure and penalties laid down for the punishment and check of breaches of the law; but I see in the bill no new departure in substantive law, no development of the law in the light of our experience in business over the twenty or thirty years since the Combines Investigation Act was first enacted. It is my view, following definitely along what I said in principle, that together with its enforcement duties an equal function of this department should be the development of what one might call the legal science respecting combinations and business

practices. In other words, this department should be an educational agency as well as an enforcement agency; and out of this department should come the new substantive law which will enable our business men to regulate their practices with greater certainty and less chance of having their ordinary business interfered with by investigation or executive action. I realize that the problem of developing new and substantive law in this connection is very great. It is difficult to isolate what are bad business practices from those that are tolerable; and it is my suggestion to the minister that an attempt might be made around the fringes of this whole subject so that the malpractices which we know to exist but which we cannot translate accurately into law may be confined and narrowed by the isolation of those which are clearly immoral, if you like to use that term, and which can be prohibited by law. In that connection I want to refer to a footnote at page 209 of Mr. Bladen's "Introduction to Political Economy," where in dealing with this question of the public knowledge of what is or is not evil in business practice he gives three quotations:

See J. Finkelman, "Combines and Public Policy":

"One of the gravest faults of the whole legislation is that owing to the uncertainty and obscurities of the law a person may be accused and convicted of having committed a criminal offence when he was doing no more than what he considered desirable to forward his own interests in the manner generally approved in the industrial society in which he operates. The line between what is legal and what is illegal is very fine, and his guilt or innocence may depend to a large extent on the social and economic views of the registrar, or the commissioner, or the judge and jury. It is highly desirable in the interests of justice that the offender be not punished unless he has been warned that his conduct is unsocial and until he is given an adequate opportunity of reorganizing his enterprise."

Then the author refers to the remarks of L. M. Singer, organizer of the amalgamated builders' council and other guilds, who said:

Every court and every jury may reach a different decision upon the same facts. Until they speak it is not known whether the accused is a malefactor or a benefactor.

Then he refers to the editorial comment in the *Financial Times* of August 1, 1941, on the conviction of a group of tobacco manufacturers and wholesalers:

The "crime" for which the companies have been convicted is one that has been considered for many years good business and merchandising policy.

In reading these words I do not want it thought that I entirely agree with all the conclusions at which those persons arrived. Rather I quote them only to show what is in fact the case, that there is considerable uncertainty in the minds of many people as to what is or what is not an offence under the law as it stands at present in relation to business practices. That is a justification for the views I have read. On the other hand, one could say what I said to myself after reading that footnote, which was that the only time I had heard this before was in the old adage, "I didn't know it was loaded". That revolver analogy is quite interesting, because the time was when in this and in all countries the possession of a revolver or a firearm in a private home was absolutely necessary for the protection of life. At that time the law was not so developed that the individual householder could feel safe under its protection and he had to provide means of protecting himself. Thus we all had revolvers or other firearms in our homes. However, that day has gone, and now all of us can feel perfectly safe and know that we shall be properly protected by the police without the necessity of our having revolvers in our homes. The result is that now we are harder on people who do not know it was loaded than we were, say one hundred years ago. By the development and strengthening of the law relating to business practices we could then be harder on those who do not know that the industrial revolver is loaded.

We must consider the problem of creating new law and the new public opinion which should precede or accompany that law. We must consider the difficulty of education in this field. I do not think that can be done through the national film board, the newspapers or any other similar agency. I would throw out the suggestion that the best possible educator would be the isolation of malpractices and their prohibition by law. We should have these safeguards as well as the general provisions that are now to be found in the criminal code and the act.

If you examine the history of investigations and prosecutions under the Combines Investigation Act since it was established, I believe in 1910, you cannot avoid being impressed with the number of cases where the commissioner felt that either combinations or improper trade practices existed but where no prosecution followed or where the courts, on prosecution being instituted following the report of the commissioner, acquitted the accused. There, again, we can see difficulties in our substantive law. In my opinion the reason for the acquittal is quite evident. Where the words "unduly or unreasonably to restrict" are found in section 498 or where in the Combines Investigation Act there are found such words as "or is likely to operate to the detriment or against the interests of

the public, whether consumers, producers or otherwise," there is thrown upon the court, not the duty of determining that a certain fact or agreement exists but rather the duty of determining what we in this parliament so far have been unable to determine, whether the agreement or the facts as found by the court are in the interests or against the interests of the Canadian people. Everyone knows that very descriptive quotation, "Our lady of the common law is no economist." In a few words that is the reason why convictions are not obtained in some cases after the commissioner has found evidence of malpractice.

I have one or two suggestions to make with regard to the need for the development of substantive law, which may show the way in which these forward steps could be taken. Hon. members will recall that in the two investigations into alleged combines in connection with fruit distributors in western Canada the commissioner passed unfavourably upon the existence of control by the jobber or by the distributor over the broker who sells to the jobber and who is actually the agent of the grower. In both investigations the commissioner pointed out the danger of the exercise of that control over the broker by his natural antagonist in business. The broker would be disposed to favour the jobber to the disadvantage of the grower, whose agent he was.

If the commissioner's findings were so in fact, and I believe in the first case they were held to be so by the court upon prosecution, it would seem to me that there is a clear case which could be isolated and which could be enacted into substantive law in order to ensure that the business agent will have a single loyalty and not be controlled by the person to whom he is selling.

Then, again, we have cases of price fixing at the retail level by the wholesaler or by the manufacturer or by associations of wholesalers and manufacturers. It is my view that we should set our face against price fixing in business. I do not like public price fixing in principle, and I certainly like it less in private. Prima facie a lower price to the consumer brought about by competition is a good thing, and the lower the price can go, the better. If at any time, particularly in times of depression, there is need for collective action to prevent the demoralization of a market, then I suggest that application could be made to parliament by those interested—this application should not be to the government or to a commissioner but to parliament itself—for the institution of a marketing board to regulate prices, preserve the market from demoralization and perhaps to maintain employment.

It is my view that only in depression times would such an application be necessary. In normal times of buoyant business one does not find these combinations arising so much, nor does one find that prices go down to such a level that demoralization sets in. It might be interesting to consider what happened in British Columbia where we had a peculiar situation in pre-depression time in the marketing of fruit. Our markets were far away and they were difficult of access to the grower. There was created a natural products marketing board under provincial legislation to assist that body of our economy which had a clear need. Later on, when the depression set in and all markets were becoming shaky and tending toward demoralization we had a succession of boards set up on the Pacific coast covering milk, potatoes and many other products. Of course we have a great example of price fixing approved by the government with respect to the pulp and paper industry in Quebec and Ontario. It is my view, although I do not pretend to have studied the matter to a finality, that we might well simply make unlawful private price-fixing agreements, and allow those whose markets are so peculiar as to require collective action to go to their respective legislatures or to this parliament for the necessary authority.

In this field of legislation we cannot expect miracles all at once. What I should like to see is steps taken progressively over the years in prohibiting those malpractices which are capable of isolation. As we go along over a period of years I think we would find that such a course would have a beneficial effect on the distribution of the wealth of the country.

Great emphasis should be placed by the minister upon the education of the public through the development of substantive law and also by action of parliament and of the judiciary to check those practices which tend against the public interest. He should particularly avoid the extension of action by the executive, which in my view amounts to regimentation, whereas the action of parliament and of the judiciary amounts to wholesome and progressive regulation.

Mr. ANGUS MacINNIS (Vancouver East): Mr. Speaker, I am sure that the hon. member for Vancouver-Burrard (Mr. Merritt) will not mind if my first words are words of congratulation upon his progress in social thinking since he came into this house. But I regret that I am not able as yet to congratulate him on the clarity of his thought. He began by saying

that he favoured this measure because it was a means of combating or retarding socialism, and then before he had made much further progress with his speech he told the house that we have socialism already. If we have socialism already, obviously the thing to do is not to retard it but to do everything we can to facilitate its development and make it more and more useful.

I cannot, however, agree with his conclusions because they were negative. He would use the law, the courts and the police to stop the malpractices and the exploitation of the community by corporations which have got control of our means of life and are using it not for the purpose of providing the community with what they need but to make private fortunes for themselves out of the needs of the community. Obviously the remedy is not the appointment of more policemen but to take over the operation of these industries by the people themselves and operate them for the benefit of the people.

Mr. MERRITT: You mean, by the government.

Mr. MacINNIS: The government is a government of the people and acts on behalf of the people.

I can agree with my hon. friend that this bill does not go far enough. In so far as it goes it is made necessary by the public demand, and the effect which that public demand has on the government, for some form of control over monopolistic corporations.

There is another thing in which I agree most heartily with the member for Vancouver-Burrard, and that is in his remarks with regard to the commissioner. It is my good fortune to have known the commissioner for almost the fifteen years or so that I have been in this house. I have watched his work in his department, and I can agree with the hon. member that he has done a good job in so far as the law would allow him to do it.

Canada is relatively a young industrial country. Within the lifetime of the older members of this house and perhaps of those like myself who are not so old we have seen this country develop from a nation of handicrafts to an industrial nation with huge combinations and monopolies. As far back as 1910 we had our first combines law. Since then, we have had a number of commissions investigate industrial conditions in Canada. Perhaps the most notable of them was the price spreads and mass buying commission, the chairman of which was the Hon. H. H. Stevens, who was the first minister of trade and commerce in the Bennett government. The commission was appointed in 1934. In the introduction to its report made in 1935 the commission says:

> At first sight, indeed, it appeared that the separate and distinct problems which emerged in the evidence called for separate treatment and almost separate reports. On closer study, however, it became clear that many of the grievances complained of, and the problems disclosed, were manifestations of one fundamental and far-reaching social change, the concentration of economic power. This idea, therefore, runs through the whole of our report and gives it a certain unity which it might not otherwise possess.

The Combines Investigation Act in the first instance was brought into being because of the power of combines to control and use the means of production in this country, not for the benefit of the people, but for their own profit. There was an amendment to the act in 1935, and the late leader of this group raised the question of giving publicity to the commissioner's reports. My memory is that the government of the day was opposed to doing that; I am not sure whether it was made the law or not. I should like to read a very short statement by the present Minister of Finance (Mr Ilsley), who was a member of the price spreads and mass buying commission. He did not sign the whole report, or at least he signed it with reservations.

He said, as reported in *Hansard* of 1935, page 3474:

> I just want to add to what I said that the evidence before the price spreads commission revealed a startling concentration of business in Canada, great numbers of large corporations and what the experts call monopolies and quasi-monopolies. Times are changing. It may have been quite proper twenty or thirty years ago to be very careful as to what publicity you gave to matters of this kind, but it is highly important in these latter days that the public have all the facilities possible for coping with these great concentrations of industry, and to that end it seems to me important that the public be acquainted with the true state of affairs.

Then he continued:

> This act is being amended not only to cover combines but to give better facilities for coping with monopolies such as mergers and the like, and it is exceedingly important that the public be acquainted at once on the conclusion of an investigation with the true state of affairs. If for instance 85 per cent of the packing industry gets into the hands of one company, which is what would happen if two of the largest companies were to merge at the present time, that is a fact which the public should know, and know at once.

I wanted to read that because it shows how strong monopolies are in this country and what very slight moves are necessary on their part to make them even stronger.

Again, in the report of the Rowell-Sirois commission on dominion-provincial affairs, which was later than the price spreads report, I find this at page 148 of book 1:

Business organization has everywhere become increasingly monopolistic. In Canada industry, commerce and finance are highly centralized and in many branches a few enterprises dominate the field. Under such conditions the maintenance of prices is possible in the face of declining demands. The monopolistic producers may consider that they are better off by selling less at higher prices than by selling more at lower prices.

That, of course, has always been the main purpose of a monopoly, a combine or a cartel —to sell less for more. You are not going to eradicate that tendency by the policeman's baton or by the fear of a term in gaol, particularly when corporations have such great financial means at their command to protect them from going to gaol. This report continues:

Consequently, the burden tends to fall upon the workers who lose their jobs through the reduction in output and on the exporters whose costs are thus held rigid while their prices on world markets are sharply reduced.

I am not surprised that, as the hon. member for Vancouver-Burrard studies these things, while he is still bracing himself against socialism, he agrees that we have to do something. To doubt is the beginning of wisdom.

I need not say anything more to show that Canada is the home of many monopolies and perhaps cartels as well. I imagine that hon. members have read the report on "Canada and International Cartels" which was tabled in this house at the last session. This group have been drawing these matters to the attention of parliament in season and out of season ever since we have been here. We continued to do so during the war. Cartels did not decline during the war; they prospered and are stronger than ever they were. At the beginning of 1943 a special parliamentary committee was set up to hear evidence regarding the Aluminum Company of Canada and a special depreciation of $164 million which was given to it by this government in addition to the wartime profits that were made by the company. The committee admitted in the report to the house that an international holding company, located in Switzerland, limited world production of aluminum, fixed world minimum prices, and, further, that the German producer was a member of this holding company. It further pointed out that from 1935 this aluminum cartel, by agreeing to restrict production to the needs of domestic markets, allowed Germany to expand aluminum production enormously. The cost of that may or perhaps may not be computed in the lives needlessly lost during the recent war. Recently the United States court of appeal ruled that the Aluminum Company of America and Aluminium Limited of Canada were engaged in cartel agreements. In addition to this, the cartel's report to which I have referred, a report ordered by the Canadian government, may I point out, states, at page 34:

The aluminum industry throughout the world has been dominated by a small number of firms since it became of commercial importance toward the close of the nineteenth century. The first cartel was formed in 1901 and the latest, and most effective, Alliance Aluminum Company of Basle, was set up under an agreement made in 1931 and renewed in 1936. The present Canadian producer, Aluminium Limited, or its predecessors entered into each cartel. Aluminium Limited was formed in 1928 and received from the Aluminum Company of America practically all its foreign properties in return for common stock, which was then distributed to shareholders of Alcoa. The new Canadian company, Aluminium Limited, became a member of the Alliance Aluminum Company of Basle with a production quota of 28·58 per cent, compared with 21·36 for the French producer, 15·42 for the Swiss, 19·46 for the German and 15 for the British. Aluminum Company of America was not a party to the cartel arrangement, but it seems to have been accepted that Alcoa would not upset the market outside the United States while the cartel arrangement would preclude any competitive sales in the American market.

The control of the world trade in aluminum was to be achieved by the Alliance through three devices:

(a) by fixing an Alliance buying price at which it would purchase aluminum from any member producing within its quota;

(b) by regulating the production quotas of its members, thus protecting itself against actually having to buy raw aluminum at the price fixed under (a);

(c) by holding surplus stock off the market (the 1931 agreement provided for the purchase, at a stated price, of surplus stocks in the hands of members).

Then, at page 35, we find this:

In view of the monopolistic character of the aluminum industry in most producing countries and the national interests involved, some positive form of intergovernmental action may be required in this field in the post-war period to avoid undue restriction of production.

I submit that positive action means not merely action through the courts. Then, again, we have C.I.L., that is, Canadian Industries Limited, which is a wholly-owned subsidiary of du Pont of the United States and Imperial Chemical Industries of the United Kingdom. It was stated in the press a few days ago that the United Kingdom government was making plans to nationalize Imperial Chemical Industries in that country. In 1939 the directors of du Pont passed a resolution permitting this Canadian industry, that is Canadian Industries Limited, to export during the war. If they could permit this Canadian company to export during the war, it meant that the Canadian company had not the right to export before the war. Here is a flagrant example of pre-war restrictive policies on the part of the mono-

polies—a private company in one country deciding what one of its branches in another country shall or shall not do.

I doubt whether there is in the bill before us, when it is passed by this parliament, anything that will prevent that kind of thing. It is stated in the report that international cartels rest upon and arise out of national monopolistic organizations. There must first be a monopoly of a national character and that monopoly extends to the international field. I quote again from the report:

The restrictive practices followed by international cartels are similar in character to those engaged in by domestic trade combinations. In fact, the agreements are in most cases made effective through the actions of domestic combinations or monopolies.

The report goes on to cite a number of combines, and one of the examples mentioned is that of fertilizers, particularly potash, nitrogen and phosphorus, of which Canada imports about $4,000,000 or $5,000,000 worth annually. That was before the war. Prices were deliberately kept high for this product. Production of the materials was restricted, with the ultimate result that the farmers suffered; and when the farmers of a country suffer, the whole population suffers. Another example given was that of magnesium refractories. However, since all this is in the report I will not take up the time of the house to deal with it. Let me quote briefly from page 55:

To the extent that cartels attempt to resist change and maintain the status quo, to prefer security to progress, they tend to impoverish the world. In the post-war world this will be a particularly undesirable attitude. In the first place, the great technological advances of the war period must be applied to peace-time industries. New competitive products and new sources of supply of old products will emerge. Such new developments must not be throttled at birth by defenders of the status quo.

If my hon. friends think they are going to prevent that sort of demonstration of power by court action and not by positive action, in the form of creating industries which these people will not build, they will be greatly disappointed.

In the second place, the development of backward countries must take place if the promise of "freedom from want" is intended to apply to more than a small fraction of the world's population . . . Industrialization of undeveloped countries will provide immediately new opportunities for investment and the sale of capital goods, and should assist initially in maintaining a high level of employment in the older industrial countries.

But that will not be possible as long as we are thinking in terms of high prices rather than in terms of quantity of production; and monopolies—indeed all private business—must, because of their very nature, think of prices rather than of quantity and quality.

[Mr. MacInnis.]

Mr. KUHL: The corner grocery store too?

Mr. MacINNIS: Yes. That is why we have to have inspectors of weights and measures.

Mr. KUHL: You do not want to socialize the corner grocery store.

Mr. MacINNIS: The corner grocer is in that business not because he wishes to be but because of the competitive struggle in which he is engaged. By reason of that struggle he thinks it is his best way of making a living. But these corner grocers go bankrupt by the thousand every year under the competitive system. It was only during the war years when we were all prosperous that such bankruptcies fell to a very small number.

Mr. KUHL: There was a lot of money afloat then.

Mr. MacINNIS: I do not care to enter into an argument with my hon. friend over this because when he talks he mostly talks over my head.

Mr. BLACKMORE: That is obvious.

Mr. MacINNIS: That is why I said it.

Mr. SPEAKER: Order. The hon. member who has the floor must not be interrupted without his permission.

Mr. MacINNIS: May I read another passage from page 66:

The allocation of markets through restrictive arrangements made by private interested parties impinges on government authority over foreign trade and may nullify national trade policies developed to serve wider public markets. Government policies to encourage either imports or exports may prove ineffective if private barriers to such trade are erected by cartels. The reservation of the domestic market to particular producers may be as effective as the prohibitory tariff in barring imports. The allocation of import or export quotas by cartel agreement subjects foreign trade to quantitative limitation, though such control may run counter to public policy. Ways must be found to prevent private business organized as cartels from supplanting government in the establishment of such commercial policies.

I submit that there is nothing in the Combines Investigation Act and nothing in the amendment before us that provides ways of preventing private business organized as cartels from supplanting governments in the establishment of commercial policies.

Then again:

Cartel arrangements which impede industrial innovations and slow down the effective development of new opportunities for investment tend to diminish the supply of goods available for human use. Attempts by cartels to protect old investments by limiting the introduction of use-

ful new techniques and new production would have a prejudicial effect on government policies to secure high employment.

At a time when the purpose of this government, as stated by them almost every day, is to secure high employment, the first thing that they should do—and they may not succeed even in that—is to make sure that their policies are not impeded by the control over the resources of the country, both industrial and natural, by a few individuals or corporations.

I shall give another quotation from page 68, which reads as follows:

The following might be considered in the further development and application of Canadian policy relating to both domestic and international practices in restraint of trade:

(a) The full utilization of Canadian legislative powers with respect to criminal law,—

That is what the hon. member for Vancouver-Burrard is advocating.

—including investigations, publicity and prosecution under the Combines Investigation Act, tariffs, import and export trade, taxation, patents, trade marks, public ownership, including crown companies and the disposal of war assets, and public regulation, in so far as such powers may be constitutionally applied.

This report was not made by a C.C.F. commission, but by a commission of experts appointed by the government. They had full information on what was happening to the Canadian economy and to world-wide economy. According to this statement, they were convinced that legislation in itself, so long as it is confined to investigation and prosecution, is not sufficient to meet the situation. What has happened in Canada is happening in every industrial country in the world.

In May, 1944, Wendel Berge, then attorney general of the United States said:

Make no mistake—the war has not interfered with cartel plans. Cartel agreements invariably provide for the contingency of war. Long before the war, cartels worked out a *modus vivendi*—a method of continued existence—for they felt that their relations must be preserved, war or no war. Thus we find American and British cartelists agreeing to preserve the German position in Latin American markets after the war. Agreements between the cartel members of the countries now at war provide for a resumption at the war's close.

I think I have said—and I merely quoted from publications which are available to every hon. member—sufficient to prove to us that it is desirable not only that we pass this legislation but that we give every facility to the commission or commissioners who may be appointed to carry on the work which they have done so well during the years, having regard to the limitations imposed upon them. We must also take more positive steps if we are to make the natural and industrial resources of this country available to the people so that wealth production will be limited only by our willingness to work.

Mr. J. E. MATTHEWS (Brandon): I wish to commend the Minister of Justice (Mr. St. Laurent) and those associated with him for having introduced these amendments to the Combines Investigation Act. I think they will serve the public interest and they are, therefore, a step in the right direction. Without any hesitation I should like to endorse the remarks made by the hon. member for Vancouver-Burrard (Mr. Merritt) when he referred to the splendid work done by commissioner F. A. McGregor. I often think that few people in Canada are aware of their great indebtedness to that official.

In speaking on this topic this afternoon let me say at once that, generally speaking, I have no quarrel with combines or cartels as such. It is only when certain combines conflict with the public interest, when for selfish purposes they attempt to restrain trade, when by so-called "gentlemen's agreements" or otherwise, they endeavour to eliminate competition, thereby to gain monopolistic privileges; it is when that sort of thing is attempted that I am prepared, as I believe thousands of other Canadians are, to fight to the limit any such cartels, no matter what label they bear.

I am particularly interested in the attitude of what appears to be two such combines operating in Canada at the present time, but I shall discuss only one of them to-day. I may return to the other at a later date. Here I want to emphasize the fact that I do not for a moment believe that all combines are operating on purely selfish principles. Far from it; on the contrary, I believe that combines or unions among business or manufacturing firms often result in lower operating expenses than might otherwise be possible. If a reasonable percentage of the reduction is passed on to consumers without any restraint of trade or where there is no suggestion of monopolistic practices, the existence of a cartel may be amply justified. At the same time the individual retailer, to whom some reference has been made by the last speaker and some others, operating on his own, in a centre large or small, should not be forgotten, and it must be kept in mind that other factors frequently enter into the community picture, more important perhaps than a trifling difference in the cost of commodities. No one will deny that many a retailer, because of his initiative, his business ability, his fine public spirit, is of untold value in his community.

I do not wish to take up time in generalities, but I want to make special, and I trust, fair reference to the cartel which I have

in mind. In view of a situation existing in the western provinces, which would seem to be completely unjustifiable, and desiring to have correct information at the proper time, I placed upon the order paper on March 28, 1946, a number of questions which were duly answered as follows:

1. Where are the head offices of Canadian Industries Limited, located?

Answer: (from the Secretary of State Department)

Letters patent incorporating Canadian Explosives, Limited, dated 18th November, 1910, provided for the head office of the company to be at the city of Montreal, in the province of Quebec. By supplementary letters patent dated 20th June, 1927, the corporate name was changed from Canadian Explosives Limited to Canadian Industries Limited. The annual summary of the company filed under the provisions of section 121 of the Companies Act, as at the 31st March, 1945, recites its street address as 1135 Beaver Hall Hill, Montreal, Quebec.

2. Is this company associated with any non-Canadian companies that are members of an international cartel? If so, what companies and what cartels?

Answer (from Department of Justice)

Canadian Industries Limited has been associated with Imperial Chemical Industries, Limited, of Great Britain, and E. I. du Pont de Nemours and Company of the United States in the general field of chemicals and chemical products. Canadian Industries Limited had agreement with other non-Canadian companies respecting patents or manufacturing rights including an agreement with National Lead Company of the United States with respect to titanium compounds.

Then questions 3 and 4:

Are any of the products of Canadian Industries Limited protected by Canadian tariffs? Is the manufacture of small arms ammunition so protected? If so, at what rate?

The answer from the Department of National Revenue was:

The rates of duty on small arms ammunition are as follows:

British preferential tariff .....10 per cent
Intermediate tariff .....27½ per cent
General tariff .....30 per cent

When the product or manufacture of Great Britain and imported direct to Canada, there is a discount of 50 per cent from the British preferential tariff, or 5 per cent net.

Then question 5:

What has been the total amount of small arms ammunition imported into Canada each year from 1943 to date?

The answer by the Department of Trade and Commerce was:

With reference to part 5 of the question by Mr. Matthews (Brandon), notice of which appeared in *Votes and Proceedings* No. 2, part 1, the dominion bureau of statistics do not classify small arms ammunition separately for statistical purposes.

Those were the questions I asked, Mr. Speaker, and that is the information I received from different government departments.

At six o'clock the house took recess.

[Mr. J. E Matthews.]

After Recess

The house resumed at eight o'clock.

PRIVATE BILLS

COOPERATIVE LIFE INSURANCE COMPANY

Mr. W. A. TUCKER (Rosthern) moved the second reading of bill No. 197, to incorporate Cooperative Life Insurance Company.

Mr. GRAYDON: I take it that the sponsor of this bill, the hon. member for Rosthern, will want an opportunity to explain this measure more fully than he did on its introduction.

Mr. TUCKER: The purpose of this bill is to incorporate a group of cooperators in Saskatchewan now incorporated as a provincial company. They desire to extend their activities into other parts of Canada. When the dominion company is incorporated it will take over the business of the provincial company. The bill provides that this can be done only with the approval of the treasury board and on a vote of two-thirds of the shareholders of the provincial company called together for that purpose. They cannot enter into business until a notice to that effect has been published in the *Canada Gazette* by the superintendent of insurance after he has satisfied himself that all the requirements of the act have been complied with. It will be my intention to move that this bill be referred to the banking and commerce committee where any other details may be gone into. I have been informed by the superintendent of insurance that he has no objection whatever to this bill receiving the assent of this house.

Motion agreed to, bill read the second time and referred to the committee on banking and commerce.

NATIONAL HOLIDAY

GREETINGS FROM GREECE AND MESSAGE OF APPRECIATION IN REPLY

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

Canadian Parliament
Ottawa

The fourth Hellenic revisionist chamber on a motion voted unanimously salutes through you the courageous Canadian nation friend of Greece on the occasion of its national holiday. Common ideals for the liberty and prosperity of men bind us closely forever, and as often as necessity requires, our peoples will be capable of giving joyously the example of sacrifice and virtue. We pray you to convey to the Canadian people our friend and ally the sentiments of brotherly friendship and the good wishes of the Hellene people.

Theotokis, President.

With the consent of the house I intend to send the president of the Hellenic Chamber the following message in your name:

The members of the House of Commons of Canada wish to express their appreciation for the message received from the fourth Hellenic revisionist chamber extending their sentiments of friendship and their good wishes to the Canadian people, on the occasion of their national holiday, and beg in return to convey to the Hellene people the assurance of their everlasting admiration for the sacrifices so generously and courageously contributed by them to the cause of peace in the world.

COMBINES INVESTIGATION ACT

MONOPOLISTIC TRADE RESTRICTIONS—COMBINATIONS IN RESTRAINT OF TRADE

The house resumed consideration of the motion of Mr. St. Laurent for the second reading of bill No. 193, to amend the Combines Investigation Act.

Mr. MATTHEWS (Brandon): Mr. Speaker, prior to the house rising at six o'clock I was citing some questions which I had placed on the order paper last March and the answers given to them. My reason for having asked those questions, bearing directly as they did upon Canadian Industries Limited, was due to a situation which is set forth and explained by Merchants Consolidated Limited, an old and reputable wholesale firm in the city of Winnipeg of which some four hundred retail merchants in western Canada are members. As hon. members know, I am not in the habit of trespassing unduly upon the time of this house; but because of the number of people interested in this matter, and particularly because of the principle involved, I desire to take the time to place upon the record a brief, issued by Merchants Consolidated Limited so that the Canadian public may judge for themselves the strength or weakness of the situation. I do this not necessarily in the interests of Merchants Consolidated Limited but because, as I have suggested, there is a principle which should be ventilated in discussing the bill now before the house. Here then is the position of Merchants Consolidated Limited as set forth in a letter from them dated November 7, 1945. This letter tells an interesting story, and is as follows:

To our shareholder merchants:

As instructed by the board of directors and the shareholders of Merchants Consolidated Limited, we are writing to advise you of the situation that we face in regard to our ammunition supplies.

In 1914, a number of the better type of general store and hardware merchants of Manitoba and eastern Saskatchewan, noting the inroads being made into retail distribution by the corporate chain-mail-order houses, and realizing that this type of distribution was detrimental to the community centres of the prairies, met together to discuss the possible establishment of their own wholesale house, with the object in view of establishing economies in the operation that would result in a more favourable scale of prices to the consuming public and a continuation of prosperous community centres on the prairies.

Merchants Consolidated Limited was organized a few weeks later. A wholesale house was established in Winnipeg and a stock of groceries, dry goods, shoes and hardware merchandise accumulated.

Opposition to a company of this type was early in evidence, and for some years a substantial percentage of the time of the company's management and buyers was devoted to an endeavour to gain for the company recognition as legitimate wholesalers by Canadian, British and American manufacturers.

This was accomplished early in the 1920's in both the grocery and shoe divisions of the company's business, and, with one notable exception, also in the dry goods field.

Recognition, however, was not gained nearly as rapidly in the hardware branch of the company's activities, but, nevertheless, substantial progress was made.

Prior to the war, the company was forced, in order to supply a full range of hardware items to its merchants, to purchase a limited number of lines in the United States of America, although these lines were made in Canada, but were denied to the company by the Canadian manufacturers of them.

The declaration of war, and the institution of a very high rate of exchange for United States currency, and the adoption of a ten per cent war tax, raised the company's costs on these commodities. However, in spite of this, and in spite of the war needs of the United States government, the company was reasonably successful in supplying its merchants with these lines of merchandise.

A number of years ago, the company endeavoured to purchase its ammunition on the same basis as other western wholesale hardware houses from the one and only company making this type of merchandise in Canada—Canadian Industries Limited, with head office in Montreal. The company's management was unsuccessful in persuading this organization to recognize the company as legitimate wholesale buyers at that time.

In order to obtain supplies from a service standpoint, the company was forced to buy from a competitor, at, of course, substantially higher costs than those enjoyed by the company's competitors engaged in a similar line of business.

From time to time, representation was made to Canadian Industries Limited, without satisfactory results.

Shortly after the commencement of the war, it was pointed out to the company that one of the reasons that the company had failed to gain recognition as legitimate hardware wholesalers, with every Canadian manufacturer, was because of the general nature of the company's business. It was suggested that if the company segregated the hardware division from the general business, the company's few purchasing problems would be solved.

Early in 1944, the company obtained a charter for, and established Falcon Hardware Limited, a wholly-owned subsidiary of Merchants Consolidated Limited, and purchased a large building close to the company's premises, and established therein the new company.

In the fall of 1944, after this had been accomplished, the management of the company called upon the official in charge of the explosive division of Canadian Industries Limited, at the head office of the company in Montreal, and informed him of the company's action, and once again requested recognition as legitimate wholesalers.

During the course of the discussion, the Canadian Industries Limited official pointed out that ammunition was not denied to the company, as the company had made arrangements to purchase its supplies through a competitor. Your management pointed out that the company was penalized by the amount of profit taken by the competitor on the company's business, and that the company, as a legitimate wholesaler, was entitled to buy on a direct basis.

It was further pointed out by the Canadian Industries Limited official that shareholder customers of the company could purchase ammunition from the other wholesalers of the west. The management pointed out, in reply, that over 400 of the leading retail merchants of the prairies had invested substantially in a wholesale company for the privilege of purchasing their goods through that company, and they desired to enjoy this privilege in any and every line of merchandise.

A further meeting with this and other officials of the company was set for the following day, but due to the sudden passing of one of the joint general managers of our company, it was necessary for the engagement to be cancelled.

Early this spring (1945) the management once again called upon the official in charge of the explosive division of Canadian Industries Limited, and after discussing the matter for over two hours failed to obtain a satisfactory reply, and also failed to obtain a satisfactory reason for the manufacturer's attitude.

Your management pointed out to this official that there are in the city of Winnipeg five wholesale hardware houses, including Falcon Hardware Limited, that the other four are on the direct list for ammunition and that he was at a loss to understand why the boycott against the company was persisted in.

Canadian Industries Limited were well aware of the company's purchases through the competitor, and under date of September 11, in reply to a telegram from the company, requesting that they transfer the company's allotment of ammunition to a direct charge to Falcon Hardware Limited stated—"in view of many factors involved in your proposal we would like to postpone a reply regarding 1946 policy until mid-October when we look forward to full discussion with you in Winnipeg."

Early in October, two officials of the explosive division of Canadian Industries Limited called upon the management of the company at Winnipeg and after a lengthy discussion, the company was informed that no change whatever would be made in the policy of the explosive division of Canadian Industries Limited towards Falcon Hardware Limited, although no sound reason for such action was advanced and that Canadian Industries Limited would not sell ammunition to Falcon Hardware Limited.

Canadian Industries Limited enjoy a customs tariff protection on ammunition against manufacturers in the United States of America of 27½ per cent and, of course, in addition, the benefit of 10½ per cent exchange. This very substantial protection makes it impossible for Falcon Hardware Limited to import into Canada ammunition at competitive prices.

[Mr. J. E Matthews.]

On the high power shotgun shell, made by an American manufacturer in Minnesota, which is comparable in quality to the Imperial shell made by Canadian Industries Limited, the price f.o.b. Minneapolis, less trade discounts, is $31.70 per thousand. The exchange of 10½ per cent amounts to $3.33, the import duty of 27½ per cent is $9.63, the sales tax of 8 per cent is $3.57 and freight $1.10, making a laid down Winnipeg cost of $49.33 per thousand.

It is the company's understanding that the cost of imperial shells laid down to wholesalers in Winnipeg, who are on the direct list, from Canadian Industries Limited, is $41.87 per thousand.

According to a suggested price list governing selling prices of Manitoba wholesalers to retailers, effective January 2, 1941, and still in effect, imperial 12 ga. shells are listed at $53 per thousand. This represents a mark-up of 26·53 per cent as profit to the wholesaler.

It is obvious from the above-mentioned facts that the company is being discriminated against by the explosive division of Canadian Industries Limited and for which no satisfactory explanation has been advanced. It can further be pointed out that all other divisions of Canadian Industries Limited recognize the company as regular wholesale buyers and extend to the company all terms, discounts, et cetera applying to legitimate wholesalers.

It is the considered opinion of the board of directors of the company that Canadian Industries Limited should either desist from the present discrimination and boycott, and sell its ammunition to Falcon Hardware Limited on the same basis as they sell to all other wholesalers or that the customs tariff on ammunition should be reduced immediately from 27½ per cent to 7½ per cent, to enable Falcon Hardware Limited and any other Canadian buyer who is being treated in a similar way, to lay ammunition into Canada at prices no higher than those charged by Canadian Industries Limited.

Further, it is the opinion of the company's board that no manufacturer in Canada, enjoying tariff protection, should be permitted now, or at any time in the future, to withhold goods from any legitimate distributor, particularly if the manufacturer enjoys a complete monopoly in his field as does Canadian Industries Limited on ammunition.

Yours very truly,
Merchants Consolidated Limited.

November 7, 1945.

If that brief by Merchants Consolidated Limited, a firm that has done business in this country for thirty-two years, does not impute restraint of trade and discriminatory practices, I do not know what does. Surely Canadian Industries Limited have an explanation. Well, they have what purports to be an explanation, and here is what they say: I quote from the submission they made under date of January 26, 1946:

The two main objectives of our distribution policy on sporting ammunition have been

1. To obtain the widest possible retail distribution of our product through hardware and sporting goods outlets.

2. To supply the largest possible share of Canada's relatively small ammunition market, as maximum volume is necessary for low cost production and maintenance of employment in our

factory at Brownsburg, Quebec, where 350 employees are normally engaged solely in the manufacture of sporting ammunition.

I suggest that those two objectives when you analyse them may be reduced to one simple sentence, namely this: "We want to obtain the widest possible retail distribution of our product." Well, no one could very well condemn that ambition on the part of any firm. I suggest that in the stand I am taking to-night I am trying to assist C.I.L. in a wider distribution of their product rather than to curtail them. But if C.I.L. are really yearning for expansion as they would suggest, why do they refuse to sell, except at a higher price level, to the wholesale firm of Falcon Hardware company of Winnipeg, which in turn would be distributing to approximately 400 business firms in the western provinces who are stockholders of the Falcon, and whose thousands and thousands of customers are at present deprived by C.I.L. of advantages enjoyed by other Canadian citizens? It would look to me as though C.I.L. is missing a substantial channel for increased distribution, and I can only guess, but I think it is a fairly good guess, as to the reason.

Later in their submission, C.I.L. point out that in keeping with their policy of adequate distribution, a worthy policy I admit, they now sell to eighty wholesalers, who in turn supply 7,000 retail outlets. Well, if their professed policy of adequate distribution is to be genuinely and sincerely adhered to, does it not seem passing strange that C.I.L. in their yearning for expansion are, as I have said, unwilling to increase their wholesalers from eighty even to eighty-one, their retailers from 7,000 to 7,400 or more, and their customers by many thousands? I must say that I have never in all my life seen what seems to me to be a more glaring or a more stupid contradiction in two attitudes as expressed by any firm. I confess that I have tried, but tried in vain, to reconcile those two attitudes, but always with the one result, that is to recall those ancient words, "consistency, thou art a jewel." In theory, anxious to sell, so they say, but in practice refusing to sell except under discrimination. The Canadian public cannot accept any such clumsy explanation as that.

But then the C.I.L. bring up another point which perhaps from their angle would have been more wisely left unsaid:

> The choice of distributors is, at best, a difficult one for any manufacturer, particularly when the manufacturer finds himself the sole Canadian producer in competition with numerous imported brands. Our position in this respect has not been created by any combination of interests, but presumably exists because the market is too small (normally less than 1,000,000 per annum divided over 200 types and loads of ammunition) to justify two plants for a product that requires a very large capital investment.

I should like to ask, is this a dog-in-the-manger attitude, or is it not? Does it mean that C.I.L. object to make any outlay for increasing their limited output but yet expect to retain what may be regarded as a monopoly in what they do produce? Are we to infer from their observation that C.I.L. have reached their maximum production? Such a condition would hardly coincide with their urge for adequate distribution. And the last paragraph of their submission seems to be only another contradiction. Here it is:

> In order to reach a settlement with Merchants Consolidated Limited we are prepared to submit a proposition for selling them direct on terms which we feel would be fair and reasonable, although ammunition is still in short supply, and we are not able to take care fully of the current needs of our present distributors. We are now attempting to arrange a meeting with Merchants Consolidated Limited to discuss our proposition . . .

This submission was made by C.I.L. on January 26, 1946. Resulting from it, another letter, dated May 5, was sent by Merchants Consolidated Limited to their members, as follows:

> To our shareholder merchants:
>
> Further to our letter to you of November 7, 1945, regarding the refusal of Canadian Industries Limited to recognize Falcon Hardware Limited as legitimate wholesale buyers of ammunition.
>
> On January 26, we received a letter from the sales manager of the "Dominion" ammunition division of Canadian Industries Limited in which he stated that his company was now in a position to discuss the matter with us.
>
> Later, this official wrote to state that he would call upon us either on the following Thursday or Friday. On Friday, February 8 he and his assistant called upon us and presented a letter addressed to this company under date of February 4, in which Canadian Industries Limited agreed to sell to the company on the basis of their "A" list, copy of which they attached to their letter. They stated that this list would be subject to a discount of 2½ per cent on carload orders. They also set forth the quantity of ammunition they would be in a position to supply to us in the year 1946.
>
> The prices on the "A" list are 5 per cent higher than the regular list applying to wholesale buyers. In other words we are expected to pay 5 per cent more for ammunition than our competitors.
>
> In view of the fact that the executive committee of our board of directors was to meet on the Monday following the interview, it was decided to leave the matter in abeyance until that meeting.
>
> A report was made to this meeting and, in view of the fact that a general meeting of shareholders of the company had been called for Wednesday, February 13, the executive committee decided that the matter should be taken up at that time with the shareholders.

The matter was duly reported to the shareholders and, after some discussion, it was the unanimous opinion that it would be entirely too dangerous for the company to establish a precedent that in effect was that the company was prepared to pay 5 per cent more for its goods than its competitors, and the company was instructed to endeavour through every means possible, to obtain what they originally requested, viz., that the company either be placed on the regular wholesale list by Canadian Industries Limited, or that the rate of customs duty be reduced from 27½ per cent to 7½ per cent.

Yours very truly,

Merchants Consolidated Limited.

It will be noted from what I have quoted that Merchants Consolidated Limited did not ask for the segregation of their hardware branch under the name of Falcon Hardware Limited, or any other name. The segregation was suggested to them, as stated in their brief.

I suggest that Merchants Consolidated Limited is either a wholesale organization, or it is not. There is no halfway station. I am acquainted with many of the shareholders, and they are the type of men who know their rights, who ask no more, and whose rights they will maintain.

Merchants Consolidated Limited, as hon. members have heard, have been doing a wholesale business in western Canada for thirty-two years. Access to other manufactured products has already been accorded them—dry goods, boots and shoes, groceries, small wares, and many others. Therefore I ask, who is this C.I.L. in Canada, who is this cartel outside Canada having the audacity to set up its own standard of discrimination in this our free country? I know who the members of Merchants Consolidated are and I stand firmly in a demand for justice in their behalf.

This attitude of C.I.L. is not altogether a new thing in Canada. I have some recollection of a similar incident some years ago when another firm enjoying tariff protection declined to sell their products to a wholesale house. I believe that the matter came before the then tariff board and the manufacturers were given their choice of selling the goods as requested, or of having the tariff removed. I need scarcely add that a decision was quickly arrived at. I speak for a multitude of people in this country when I say that C.I.L. should be given the same choice, to be acted upon immediately, namely, to sell to Falcon Hardware in the same way and at the same price as they sell to other hardware firms, or to have the duty removed from similar goods imported into this country. In other words, they should be told to play the game or forfeit their protection. To my mind there is no alternative. Let it not be forgotten that the Canadian people as a whole, not any one section of them, grant protection to C.I.L. Therefore I say most emphatically that the Canadian people as a whole are entitled to share in the advantages, if any, which accrue from that protection. I would be most reluctant to make demands upon any firm struggling for its existence; but I learn, in fact I have learned to-day, that the common stock of C.I.L. is selling for from $240 to $250 for a $100 share and that a half yearly dividend of three per cent has already been declared for the first half of 1946. It would look, therefore, as if the people of Canada have been reasonably good to C.I.L. and that that firm is not by any means headed for bankruptcy.

I am less fortunate than a good many hon. members in the fact that I am not learned in the law. But I am to some extent learned along certain other lines, perhaps equally as good in their way as that of law. By long and sympathetic observation and by close and friendly contact with my fellow men I have learned something of those principles which are right and just, honourable and desirable in a community and in a nation; and I find it difficult to include in that category any tendency toward discrimination among our people, or the restraint of legitimate trade.

I therefore, with every confidence, ask urgently the Minister of Justice (Mr. St. Laurent) and the Minister of Finance (Mr. Ilsley), both able lawyers, to take such steps, either individually or jointly, by the present amendment or by added amendments, as may completely eliminate those unfair conditions to which I strenuously object, and to which I shall continue to object until the situation is corrected.

Mr. DAVID A. CROLL (Spadina): I too want to commend Mr. McGregor, who was the commissioner appointed under the Combines Investigation Act, for the comprehensive report which was tabled here last session. The suggestions made in the report as to control and abolishment of cartels are most useful, and I think it is well that before we get into the discussion I should give the house some of the recommendations made by the McGregor commission. A summary states that the cartels were guilty of having:

1. Limited production and impeded the most efficient use of world resources.
2. Raised or maintained certain consumer prices.
3. Restricted the import and export of certain commodities.
4. Restricted the use to which certain commodities might be put.
5. Nullified external trade policies in certain respects.

6. Restricted technological advances in certain fields.
7. Created patent pools or monopolies covering wide fields of endeavour.
8. Assisted the formation of private industrial empires which tended to supplant governments in the determination of certain national commercial policies.

I think it is fair to say that it is common knowledge that cartels exist, but how they operate is far less familiar, and what is often lost sight of is their effect upon the national economy of this country. Cartels are defined as private business arrangements to reduce or regulate competition in international trade. Their method of operation, or their usually understood method of operation, takes three forms: first, by agreements, written agreements, and if written agreements are found undesirable, there are oral agreements or, as they are termed in the trade, gentlemen's agreements, if you will; second, by membership in associations, wherein they form associations and limit the membership, as I shall indicate to the house a little later on; and, third, by centralized selling agencies, by which they demand that certain products be sold through a central agency.

Usually they divide a territory so that a member may have a sheltered territory in which he becomes a monopolist. Again, they often place restrictions upon process production, usually by patent agreements. The league of nations report in 1937 stated in part that thirty-two per cent of international trade was controlled by marketing controls; and the United States Department of Justice report in 1939 indicated that there were 179 cartels operating in that country. We in Canada have not escaped from the octopus of monopoly cartelization. As a matter of fact, we all know that every day in every way we are paying tribute to cartels in hundreds of ways.

A few glaring examples I take from the cartel report indicate that farmers are discouraged from mixing their own fertilizers by the fact that the potash and nitrogen cartels keep prices for direct sale to consumers exorbitantly high. Through cartel agreements, the price of sulphur was maintained at $18 a ton for seventeen years and then reduced to $16 a ton which became a new fixed level, and the average profits during this time to the cartel members varied from 13 to 29 per cent. The price of sulphuric acid was forced upward during good times and bad from $12 a ton to $17 a ton, although in a free market the natural tendency is for competition to send prices down. Instead of passing on to consumers the benefits to be had from newer and improved electric light bulbs, General Electric deliberately reduced the life of bulbs from 35 to as much as 62⅔ per cent, and instead of promoting the use of fluorescent lighting, which is better and cheaper than the old-fashioned bulb, General Electric and Westinghouse agreed to defer the development and marketing of the product as long as possible. A cartel agreement gave the Eddy Match company a virtual monopoly of the domestic market, foreign competition being barred by the policy of the match cartel; and through a cartel controlling plastics, du Pont of America agreed with the I. G. Farben Industries to fix the price of plastic powder for dental use at $45 a pound, although exactly the same product was sold to commercial moulders at 85 cents a pound.

That is the way cartels agree, according to the commissioner, to cripple and hamstring the economy of a country and force the public to pay through the nose for the essentials of life. The Americans have been awake to the situation, and I notice by the *Globe and Mail* of June 19 that:

> The United States Department of Justice has started civil and anti-trust monopoly proceedings against the wealthy International Nickel Company of Canada Limited and its American subsidiary International Nickel Company Incorporated.

From the *Globe and Mail* of June 28 I see that they have also started proceedings against Electro Metallurgical Company of Canada Limited. But what is more important is a decision which has just been handed down by the United States supreme court dealing with the tobacco trust. I would ask hon. members to pay particular attention to it to see how well it fits into our situation. I quote from the research institute of America of June 14:

> A far-reaching decision which can force revision of buying and selling practices in many industries has just been handed down by the supreme court. In a 6-0 ruling involving major tobacco companies the court has extended the revolutionary type of reasoning begun in the Alcoa case. While the earlier decision dealt with the monopoly aspects of a single firm—the new ruling applies virtually the same tests and finds an illegal monopoly where three firms exercised similar controls.
>
> The court makes it clear that actual exclusion of competitors (from interstate or foreign commerce) is not necessary to a finding of unlawful monopoly. It is sufficient if all three of the following conditions occur:
>
> 1. Some members of an industry "combine" to get or keep the power to exclude competitors. The court pointed out that although there was no express agreement among the defenders their action indicated a clear course of dealing. This in itself seemed convincing evidence of a combination or plan to fix and maintain prices and prevent future competitors from getting into the industry.
>
> 2. The group has the "power" to exclude present or future competition from the field. The court noted that the defendants controlled over two-thirds of the entire domestic cigarette

field and over eighty per cent of comparable cigarettes. Following the Alcoa precedent, which uses percentage of control as an index of monopoly power, the court said that "comparative size on this great scale inevitably increased the power of these three to dominate all phases of their industry."

3. The group "intends" to use this power to maintain a monopoly. Evidence of such intention was found by the court in a wide range of buying and selling practices of the three companies.

Both combination and intent to exclude competitors were inferred from a wide range of parallel purchasing and sales tactics engaged in by the companies—for example:

(a) Buying methods. Each of the three majors refused to make any purchases of domestic leaf tobacco unless the other companies were represented on the market. Before markets opened, they placed limitations on the prices which their buyers were permitted to pay and formulated grades so that there frequently was no competition between them. The companies determined in advance of each season what portion of the entire crop each would buy—then spread purchases evenly over the different markets throughout the season. At the time when manufacturers of low-priced cigarettes were beginning to manufacture in quantity, the majors made large purchases of the cheaper leaf needed for the low-priced cigarettes.

(b) Selling methods. The companies charged identical list prices and gave identical discounts for their cigarettes. They also raised and lowered their prices at the same time. At one point, for example, all three raised their prices on the same date in the face of declining cost and market trends. When the majors were faced with competition from cheaper brands they sold for a while at a loss. Later they insisted that retailers maintain a fixed differential between the quality and the low-priced brands.

RCA observation 1: While no one of these practices taken alone would have been evidence of monopolistic exclusion tactics, the entire pattern is one that could get a group of quasi-competitors into trouble. In this case, for example, fines totalling more than a quarter of a million dollars were imposed.

I point out the steps which our friends to the south of us are taking to deal with this important problem. I have already told the house that in his report Mr. McGregor indicated that cartels restricted production. Restricting production might be beneficial to a cartel, but surely it cannot be beneficial to the economy of this country; for I ask hon. members how restriction of production can ever be socially desirable. It is true the report says that they prevented cyclical fluctuations in prices. As was indicated this afternoon, the aluminum cartel kept prices at fixed levels in good and bad times. I ask hon. members, where is the social advantage if the price is fixed above the average of fluctuating prices which would be permitted in a free economy?

At this particular time we must pay some attention to a problem which arose during the war in order that we might examine the extent to which big firms were able to influence government regulations against the interests of smaller competitors, especially by placing men in key federal agencies. Further, we must examine the degree to which concentration of economic power has increased under war conditions and make certain that we do not permit wartime powers to be used as a cover for anti-social peacetime associations. Individually and collectively the effects of cartel agreements are a bottle-neck in economic progress. After all, what purpose is there to the united nations organization, to the Bretton Woods agreement, to the various trade agreements which we have? If the lifeline between nations, trade relations, is to a great extent under the control of international industrialists; if we are to achieve national unity in this country—and that is our purpose—then we must make sure that wealth is distributed more equally in Canada; that industry is decentralized or in turn compensation is given to the maritimes, to the prairies and to British Columbia for their lack of industries. We must also make sure that the people of the country have an equal standard of living. The only way to do that is to clear the channels of trade, both domestic and foreign, for we no longer have an agricultural economy in Canada.

We are a great industrial country. A few hours ago an hon. member said that we were the fourth trading nation of the world. Hon. members well know that we are the third largest industrial nation of the world; and if we are left to our own initiative, unshackled and with the know-how which we have gained during the war, the world is our oyster, particularly when it is realized that we are now reaping the benefits of our price control, of our monetary stability, of our differential in the cost of raw material. To-day we have an advantage over the United States in the markets of the world to the extent of from twenty to thirty per cent. Although we have that advantage we are now starting in to wrestle in public and we shall probably lose the advantage. In the meantime, it seems to me that there is a first-class opportunity to gain some of the markets of the world so long as we are unshackled.

To-night I wish particularly to call attention to an abuse which has crept in, namely, the Canadian Radio Patents Limited, which already has a membership of seventeen and was formed for the purpose of licensing. It is a licensing agency organized by the industry to deal with radio patents. Radios are pretty well standard equipment in Canada. I am told that in Toronto 93 per cent of the homes have radios and 87 per cent in Montreal. I

have no doubt that the percentage is just as high throughout the country. To-day radio is an essential to every home, not only for educational purposes but for entertainment and cultural purposes. It is sometimes alleged that it is useful for political purposes. But here is a company having as its objective the prevention of foreign competition and the bolstering of domestic prices; which owns over six hundred radio patents, many of them basic, without which it is impossible to manufacture or sell radios; and which has a financial set-up all its own. They demand from a member $10,000, and at the same time the member must show that he is financially worthy to the extent of $100,000. Even after this has been done, they still have the right to refuse that member admission to the company, on the ground that he has curly hair or pink eyes, or for that matter, on any other ground. To-day, as a result, they are in absolute control of radio patents which are essential for the manufacture of radios in this country. The house may say that we can import radios, but when one realizes that there is a 25 per cent tariff, in addition to the sales tax, excise tax and exchange tax, it will be seen that this is hardly feasible. What is more, under our patent laws, even if a radio is brought into this country, this company have the rights to charge a royalty on it, and as a matter of fact they have warned many people they would do exactly that.

We are getting far away from business as we used to understand it. I remember the time when it was said if you built a better mouse-trap the world would track a path to your door. It seems to me that the people who want to go into the radio business and take their chance ought to be permitted to do so, by paying the ordinary royalties that one pays for the use of patents, basic or otherwise.

Mr. RICHARD (Ottawa East): Is the hon. member aware of the fact that Radio Patents expired some time ago; that this agreement is not in force at present; that anybody is free to license himself under any patent formerly owned by Radio Patents?

Mr. CROLL: I can only answer that by saying that as late as a week or ten days ago my information was to the contrary, and that is why I am bringing this matter to the attention of the house. If Radio Patents Limited are out of business and no longer in control of these patents I am sure the house would be glad.

Mr. RICHARD (Ottawa East): It is a fact.

Mr. CROLL: I have indicated the evils, which are quite apparent to the house. In the United States they have the Sherman anti-trust law, which to some extent prohibits and at least sets up machinery for the purpose of dealing with trust agreements. Up to the present time Canada has been a bit of a happy hunting ground for cartels; and I think it is undeniable that the time has come for us to make certain that restrictions on production, restrictions on scientific achievement, restrictions on competition in trade, are no longer to be tolerated. As I have pointed out, there is an easily recognized handful of sand being thrown into the machinery. We in this house do not run the machinery, but we make it possible for the people of Canada to enjoy fully the fruits of their labours.

To me the action to be taken by this house is clear. We must pass an act or acts which will tear down the walls erected by these powerful combines between our factories, our farms, and our markets beyond the seas. We must curb restrictive actions which bar our exports, reduce our national income and cause unemployment in this country. We must maintain full production to meet the needs of our own people, and we must make better use of our natural resources. We have two ways of going about this. We can do something at the international level and we can do something at the domestic level. We are members of the economic and social council of the united nations. We have a representative there. The matter will come before that council for some discussion and action; and it is well that our delegate, whoever he may be, should be instructed as to the action he should take. In so far as this house is concerned, parliament can deal with this matter realistically. Our objectives are good. What we need is a law with teeth. As a matter of fact we have had some experience with cartels. I think most hon. members will remember that when the radium cartel was under the control of the Americans the price was from $100,000 to $170,000 a gram. Then came the Belgians, who reduced the price to $70,000. Then, after discoveries made in the northwest territories in 1938, we brought down the price to $20,000 a gram. Whether that price is fair or unfair I do not know, but it came about as the result of action by this government.

At the present time it seems to me we are merely nibbling at the problem. It is a large problem, a very large one. In the vigorous and tumultuous future it will require more than policing. To fine these companies a quarter of a million dollars, as they do in the United

States, is merely to have that fine passed on to the consuming public in one way or another. We must take action in a more direct and more constructive manner. This measure goes far; it may work out, but it seems to me that it does not go far enough. A great deal will depend on how it is administered. I am hoping that the Minister of Justice will see that it is administered by such men as Mr. McGregor, in whom we have all confidence, and that he is given adequate facilities and assistance so that when we come back here again, whenever that may be, a report may be presented to this house indicating not only that action has been taken but that results already have been achieved from this legislation. Otherwise we shall feel that we have merely gone through the motions.

Mr. SKEY: The hon. member for Spadina, speaking to the Combines Investigation Act, spoke of placing men in key federal positions. I am merely seeking information. I should like to know what he meant.

Mr. CROLL: I said "agencies."

Mr. SKEY: Yes, the appointing of men in key federal agencies. I should like to know what the hon. member meant by that phrase.

Mr. CROLL: I meant just that.

Mr. SKEY: May I ask another question?

Mr. SPEAKER: Order. I must remind the hon. member that we are on second reading of the bill, and not in committee.

Mr. SKEY: I merely want to address another question to the hon. member.

Mr. SPEAKER: That would not be in order.

Mr. J. G. DIEFENBAKER (Lake Centre): I have listened, as has the house, with great interest to the speeches made this afternoon and this evening, and in particular to the two last hon. gentlemen who spoke. The hon. member for Brandon (Mr. Matthews) clearly showed the existence of a combine in restraint of trade. The hon. member for Spadina (Mr. Croll) not only read from the report of the inquiry into international cartels and other trade combinations, but added information he himself had gleaned as the result of personal investigation. All who have read this report must be impressed with the fact that to a degree never before known in this country cartels in many commodities and in full restraint of trade have been operating. As a matter of fact it is difficult for me to imagine that anyone could have made a more terrific indictment of the government than is made in the sixty-nine pages of this report made by a commission appointed by the government.

The commission reports that in regard to various commodities cartels have been continuing in restraint of trade for a good many years and that they are to-day operating. While we are speaking about the subject in this house, the evidence has been secured and put together by a commission to whose chairman high and proper tribute has been paid. The law is on the statute books in the form of section 498 of the criminal code. This section gives wide powers for the laying of informations against any company or individual who unduly limits facilities for transporting, producing, manufacturing, supplying, storing or dealing in any article or commodity which may be a subject of trade or commerce, who restrains or injures trade or commerce in relation to any such article or commodity, or who unduly prevents, limits or lessens the manufacture or production of any such article or commodity, or who unreasonably enhances the price thereof, or who unduly prevents or lessens competition, and certain other matters covered by the section in question.

The Combines Investigation Act was amended in 1935 to permit prosecutions being taken without the necessity of establishing that what was being done was being done in a manner that could be described as unduly. The hon. member for Spadina says that we should put teeth in the law. I see nothing in the amendments before the house at this time that will put any more teeth in the law than exist to-day to prosecute these companies that are acting in restraint of trade for their unlawful actions. The hon. member for Spadina said, and I paraphrase his words, that every day in every way we the people of Canada are paying a tribute to these companies which have taken undue advantage of the people of Canada.

We have had the law up to now. We have had the recommendations and the information contained in this report since October 10, 1945. I ask the Minister of Justice (Mr. St. Laurent): what has the government done since then to punish the wrongdoers who are referred to in the report made by the McGregor commission and who could rightly be convicted of wrongdoing if the statements contained therein are correct? I have looked over the record since 1935 for the purpose of ascertaining just how far this government has gone in carrying out the promises made by the Prime Minister (Mr. Mackenzie King) on the election night of 1935 when he said, or words to this effect, "Now the forces of monopoly and privilege will be shown their place, now the moneyed interests will be brought to task and to account."

The McGregor report sets out in detail the existence of cartels in fertilizers, to which reference was made by the hon. member for Spadina, in tanning materials, flat glass, sulphur, dyestuffs, tools, titanium pigments, chemicals, electric lamps, radio tubes and so on. The indictment is there. Not only have we the recommendations and the evidence of a commission appointed in Canada; but in the United States, as the result of investigations by the Arnold committee and also of a committee of the United States senate, it has been shown that international cartels exist and have been carrying on their practices in Canada while under indictment in the United States. They have been allowed to remain free and still carry on their nefarious work in this country.

Let me point out what has taken place since 1935. All these cartels have been in existence for ten years or more and yet none has been prosecuted. Here is the record since 1935. An inquiry was made into anthracite coal on February 3, 1937. A combine was reported and proceedings were taken. The anthracite coal importers were fined $48,500. Then on August 31, 1938, a report was made on the distribution of tobacco products in Alberta and elsewhere as being in contravention of the combines act. Prosecutions took place and various tobacco companies were fined. Upon appeal the convictions were set aside on the ground that two offences, one under section 498 of the criminal code and the other under the combines act, were joined together in the one indictment. It strikes me as passing strange that when that conviction was quashed on technical grounds the government has not yet seen its way clear, provided that a combine had been established in connection with these companies, of taking action and proceeding in the courts.

The next report made under this act was with respect to the manufacture and sale of paperboard containers and related products. On March 14, 1939, a combine was reported and prosecutions took place in that year. Fines to the extent of $165,000 were imposed. Finally, on October 31, 1939, wholesale shippers of fruits and vegetables in western Canada were found to be operating a combine in contravention of the act. They were brought before the courts and acquitted. The record shows that proceedings were taken against only small combines in comparison with these international and national combines which are set out particularly in the report of a commission appointed at the instance of the Minister of Labour (Mr. Mitchell).

I should like to ascertain from the Minister of Justice (Mr. St. Laurent) the attitude of the government in Canada in regard to combines. In October, 1945, there was a meeting in Washington of the Anglo-American financial conference at which the question of cartels was discussed. There was a difference of opinion as between the United Kingdom representatives and the representatives of the United States of America. The Americans proposed, and I quote:

> The Americans proposed that a multilateral agreement be concluded among all the major trading nations, and eventually among all others, under which each country would morally commit itself to take whatever steps were necessary to prevent its nationals from entering into combines, etc., in restraint of trade through fixing prices, sharing markets, and similar measures.
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> The British were prepared to go part way on this thesis. They considered certain cartels were in restraint of trade, but they also felt that others were not. They proposed that efforts should be made to eliminate bad cartels but instead of outlawing all cartels, they favoured having a consultative body set up to which a country could complain against a cartel that it considered was acting in restraint of trade.

I ask the Minister of Justice this: What is the attitude of the government of Canada? Does it intend to prevent all cartels and to punish all cartels in restraint of trade? Or does it intend to follow the British practice as suggested by the responsible minister of the British government, that only such cartels should be interfered with as are necessarily illegal?

Before the second reading is over, I think the Minister of Justice should indicate to the house and the country to what extent the companies referred to in the commissioner's report are to be proceeded against. The evidence is here. Mr. McGregor, the commissioner under the Combines Investigation Act, places his name on this report, indicating clearly that in his opinion prosecutions should take place. As a matter of fact, as I listened to the hon. member for Spadina referring to electric lamps, these words in the report, at page 22 struck me:

> The production of electric lamps in Canada and the United States is largely controlled by the General Electric Company, a United States corporation, which directly or through its subsidiary International General Electric has agreements with the principal foreign producers (in England, Belgium, Holland, France, Germany, Japan, et cetera) which provide for cross-licensing of patents, exchange of information and allocation of territory. The agreements exclude the foreign producers from the Canadian market, which is reserved for those manufacturers in Canada licensed under Canadian patents, who are likewise barred from exporting to other markets.

Surely any agreement to that effect, to prevent Canadians from importing from another country, is in restraint of trade. The report goes on:

Canadian manufacturers of electric lamps appear to be governed by much the same type of control as to manufacture and sale as has been established by the General Electric Company in the United States. In such an important factor as the length of life, the specifications for lamp construction appear to have been drawn up in the interests of manufacturers. Long life bulbs which have been produced in other countries, in Holland for example, are not permitted to be marketed in Canada.

The report goes on to deal with radio tubes and sets and says:

In its investigation of the radio industry in 1939 and 1940 the tariff board found that Canadian consumers were being unduly exploited through the arrangements then in effect.

There is the report of a body set up by the government, and in order to reinforce its opinion it goes back to 1939 and states that the tariff board at that time found that, in so far as this company was concerned and those associated with it, it was unduly exploiting the Canadian consumer.

Reference has already been made to radio tubes and sets. In the western provinces we find that most of our farmers require a radio as do farmers and other people all over this country. Yet we are unable to get small radios in this country and we are unable to import them. We are denied the opportunity and privilege. The companies in Canada under cartel arrangements are forbidden to manufacture small radios in this country. I will read the particular portion of the report bearing on this, and again I say that this report is an indictment, not of the law as it now stands, but of the government for its failure to act when its responsible representatives and those appointed by it demand that it act. All the action we get in response to that demand is a matter of a few moments, to which particular reference will be made when we go into committee, because we are denied the opportunity of dealing with them on the second reading when only the principle of the bill is at stake. What does this report say about radio tubes and sets? It says:

Arrangements of a like character—

Like the arrangements with respect to electric lamps.

—exist with respect to the allocation of world markets for radio sets and radio tubes . . . The arrangements for the exchange of patents and licences protect Canadian manufacturers from outside competition, while the establishment of holding companies to control Canadian patents restricts competition among Canadian licensees.

That is the finding of a responsible committee which was set up under the chairmanship of a man who has earned the approbation of my hon. friends on all sides of the house and who must have had the evidence before him on which to make findings like that.

[Mr. Diefenbaker.]

I point out now what the radio situation is. Considerable investigation was made of it last January by Mr. Chester Bloom of the press gallery. In an article he sets forth exactly what is happening in this country and explains why people cannot secure the small types of radios. I am going to quote from his words and then I am going to appropriate them as my own. He says:

This patent pool is operated under the name of Thermionics, Ltd. Complaints concerning its operation have been numerous in the past yet no government action has ever been taken to open up the small radio market to free competition.

Is it not fair to interpolate at this moment and ask the government why? There is a demand across this country for small radios. This condition of affairs cannot be explained away as having been in existence only since the war because it dates back to 1935, and possibly even earlier. The fact remains that no consumer in this country has been able to get a small radio. Why? Simply because the things we condemn in the statute are carried on by the companies named in the indictment which is in the form of a commissioner's report. Mr. Chester Bloom goes on to say:

Particularly discriminated against in this respect are farmers who have individual power plants operated by gas engines or wind power. There are some 20,000 such plants on farms in the prairie provinces.

The standard voltage for radios on farms with such individual power service is 32-volt.

Why then, not import such 32-volt radios from the United States?

Then he goes on to state the reason. One reason is that there is a patent pool existent in this country, and the patent pool goes back, he says, to the 1930's. Some might ask, why cannot one write to the United States, buy a radio there, pay the duty on it and bring it in? The answer given by Mr. Bloom is this:

The initial deposit required for an import licence from Thermionics, Ltd. is so high, the importers allege, that it is prohibitive when coupled with the subsequent royalties which must also, of course, be included in the price to the individual purchaser.

That is very much in line with what the hon. member for Spadina said in regard to radio parts in this country.

But suppose—

He says.

—an individual buyer attempts to import such a radio, what happens? He receives at first a tactfully written letter informing him he has fractured the patent laws and is subject to prosecution. If that doesn't suffice, a writ is issued against him. But, according to people who have had this experience, seldom is the case ever taken to court. The writ is merely allowed to stand as an impairment to the credit of the would-be importer . . .

There have been instances where Canadian distributors have endeavoured to induce United States radio manufacturers to set up a plant in Canada and manufacture competitive radios in this country. One such manufacturer said frankly he could take all the Canadian market but why should he? He said he would not make any more than he was then with 15 per cent of the Canadian business which he was getting under a gentleman's agreement.

These are not statements loosely made. These are statements reinforced not only by the findings of the McGregor commission but also as a result of the investigations which Mr. McGregor has made over a period of years. But I think we in this house and the country are entitled to find out this: in how many cases did Mr. McGregor or anyone acting on his behalf, since 1935, indicate that there were combines in this country, and in how many cases did prosecutions take place as a result thereof? Because, sir, the position is this: no private individual in this country can take proceedings under the Combines Investigation Act, but only the Attorney General of Canada or, in turn, the attorneys general of the provinces in which the alleged offence has taken place. The result is this, that if the Attorney General of Canada, because, as was pointed out to-day, of the very high costs of taking proceedings, decides not to take proceedings and hands over the ball to the provincial attorney general, do you think it would be reasonable that the province would feel like proceeding with an action when the dominion had decided, apparently, that the cost of prosecution would be so prohibitive that it would not proceed?

Mr. ST. LAURENT: Will the hon. member permit me a question?

Mr. DIEFENBAKER: Yes.

Mr. ST. LAURENT: Is he suggesting that it is after the Attorney General of Canada has taken a decision that the facts are brought to the attention of a provincial attorney general? Does he not know that under the statute the facts are required to be first brought to the attention of the provincial attorney general and that the Attorney General of Canada is required to wait for three months for his decision, and that that is a provision which it is proposed to amend?

Mr. DIEFENBAKER: That is perfectly true; there is no argument about it.

Mr. ST. LAURENT: Then why say anything else?

Mr. DIEFENBAKER: I have not said anything else.

Mr. ST. LAURENT: The hon. member said quite the opposite of that.

Mr. DIEFENBAKER: I can well understand the annoyance of my right hon. friend the Minister of Justice. However, he has not been Minister of Justice very long and he can excuse himself—

Mr. ST. LAURENT: He has no reason to offer any excuse.

Mr. DIEFENBAKER: —for his failure to act. I appreciate that. I will deal with that in a moment. His failure to act can be explained away on the ground that the war was on. But, sir, he says he will not say that, he will accept his responsibility. Then I ask him, why, having regard to what has taken place, and the fact that there has been a report since October and goodness knows how many reports were sent on to the Department of Justice before October by Mr. McGregor after investigations which he has taken, is it the situation that in a period of eleven years the total number of prosecutions in Canada under the Combines Investigation Act has been in respect of only four matters?

I should like to ask him too in regard to the international situation. The hon. member for Spadina referred to certain prosecutions which have taken place in the United States. I pointed out one to which I think he made some reference—the match monopoly. On May 2, 1944, the department of justice of the United States of America charged ten companies with having contravened the Sherman antitrust act. One of these companies was a Canadian corporation. Those proceedings were gone ahead with in the United States. I ask the minister this, is there any collaboration, is there any intercommunication as between the government of the United States and the government of Canada when, as a result of an investigation in the United States it is ascertained that international combines carrying on business in these two countries are operating in restraint of trade; and, if so, is there any manner whereby joint prosecutions can take place? Certainly, across the line in the United States large volumes of evidence have been piled up as against two or three corporations operating in Canada, but as yet none of us has heard of any prosecution taking place in this country with regard thereto.

Just one other matter to which, also, reference was made to-day by the hon. member for Spadina, the question of fertilizer. That report is an indictment that affects every farmer in this country either directly or potentially as a possible user of fertilizer. The report reads as follows:

Prices of principal fertilizer materials, potash, nitrogen, and superphosphates, have been controlled under various cartel agreements, some world-wide in extent. The cartels have divided

markets and allocated export quotas among members. The resale of potash was deliberately kept high to prevent farmers from mixing their own fertilizers.

Here, I suggest, is one matter which affects the farmers of this country, and I ask in the very kindest manner possible, what are you going to do about it? My hon. friend the Minister of Labour (Mr. Mitchell) laughs.

Mr. MITCHELL: I said, "in a kindly way".

Mr. DIEFENBAKER: I appreciate that. Since my hon. friend the Minister of Labour started using that expression "in a kindly way", the atmosphere of this house has improved very greatly, and everybody is using it.

He certainly was the motive power that started the investigation. He is the one who set up this committee and gave it power to act. He has discharged his responsibility. I ask the Minister of Justice, when may parliament and the country expect that in so far as the fertilizer industry is concerned the prosecutions will be taken, to the end that no longer will Canadian farmers be prevented from mixing their own fertilizers by an illegal agreement in restraint of trade and designed with one purpose in mind, to maintain the price at such a height that the largest possible return will come to an international organization?

To-day the Minister of Justice stated that the purpose of the amendments was, if I paraphrase him correctly, to provide the machinery for accelerated action, or, in other words, to provide means whereby prosecutions can be launched and proceeded with, with the greatest possible dispatch. He had the support of every member of this house, and we shall look forward to the acceleration of prosecutions. Certainly no one can characterize in favourable terms the activities of the combines investigation branch of the department since 1935. Of course one of the difficulties has been that Mr. McGregor has had neither the necessary staff nor the necessary appropriations. As I understand it, he is to have a staff of ten experts, and really they are going to set up an organization which is intended to act. I think parliament and the country have the right to know at this time what is to be done when this power of accelerated action has been granted under the amendments asked for under this measure.

As to individual sections, some of these I shall refer to when we come to discuss them in committee. At this time only the question of principle is at stake. I do not see where the new provisions put many teeth in the law as it now stands. To me they look like false teeth. They are merely the padding of certain sections that can have no effect beyond the effect of the law as it stands at present, because, while they provide new machinery, they do not in any way provide for a change in the nature of the evidence that must be secured in order to found a conviction. In other words, you still have to establish under the criminal code that whatever is done is done unduly. A private individual cannot lay the information. I appeal to the Minister of Justice again. If he desires to secure the power to act, why does he not give the individual consumer, the forgotten man in this country, an opportunity of laying an information under the Combines Investigation Act? As a matter of fact, recommendations have been made in the past to provincial attorneys general that they proceed to prosecute a combine and no prosecution has taken place.

I remember very well, though I speak from memory, that about twenty years ago a potato combine was found to exist in one of the maritime provinces. The matter was turned over to the attorney general of that province and no prosecution took place. The greatest deterrent that any of these corporations can suffer, who are taking undue advantage—and there are only a few of them—is to have publicity given their activities. The greatest police is an aroused public opinion with knowledge and information. When a farmer realizes that he is being unfairly dealt with in the matter of fertilizer, what is the use when he is denied the opportunity of going into a court and himself taking proceedings on the basis of recommendations that have been made by the McGregor commission.

Certainly to-day the situation is such that on the evidence which the McGregor commission has gathered together upon which to found its report, I do not think there would be any great difficulty for an individual having the power to lay the information, to gather together that evidence, having as he would have behind him Mr. McGregor and those associated with him in obtaining the evidence upon which the charges made in the report of the commission were founded.

We can pass laws; but if laws are not enforced they bring the administration into disrepute; they bring justice and fairness and equity into disrepute. We have had the law, and we have had the amendments passed in 1935 to cover some of the abuses that came to light in the price spreads investigation. We have the law; yet with the law at our disposal with a responsible man and a man of experience in charge of the department, with investigations going on and recommendations being made, I say once more that it is not good

enough that, with a record such as we find set forth in that report, after eleven years there have been only four prosecutions,-two successful, one reversed on appeal and the other registering an acquittal.

Right Hon. L. S. ST. LAURENT (Minister of Justice): In closing the debate, I wish first of all to express my gratification at hearing members on all sides of the house pay such a well-deserved tribute to Mr. McGregor, the commissioner under the Combines Investigation Act. I am not going to make a political speech, nor am I going to make a speech to try to impress anyone. I brought the bill to parliament because I thought it would enable this house to provide more effective machinery to do something which it is necessary to have done in the public interest, and it is principally with that consideration that I am concerned. It seems to me that this tribute which is being paid to Commissioner McGregor is the best earnest that, if we give Commissioner McGregor the kind of machinery he requires in order to do his job, he will do it and do it in an efficient manner.

I am sure the member for Lake Centre likes to make these indictments upon the government of the day. They probably do provide some headlines; they do provide some passing interest. But it does not last very long, and the hon. member and I know that what really counts is what is done, rather than what is said.

Mr. DIEFENBAKER: That is it.

Mr. ST. LAURENT: The hon. member knows, in spite of the speech he made to-night, that this bill will provide machinery to do some of the things about which he has complained. For instance, he has dilated upon the serious effect upon the Canadian public of the misuse of patents when they are pooled and licences are issued with conditions attached to them which do hamper the possibility of the Canadian consumer obtaining some of the things he would like to get. This bill provides for giving jurisdiction to the courts to deal with that kind of arrangement and to say what portion of such pooling and patent agreements will not operate and will not have the effect of which the hon. member complained and to which also the member for Spadina referred.

The hon. member for Lake Centre says, "Why don't you allow anyone to lay an information?" I will make this bargain with him. When we get into committee, if the committee will take out of the act the restrictive provision which the Right Hon. Mr. Meighen put in there in 1935, I will agree to take out the provision restricting the laying of information to the attorneys general. But I will not agree to taking that provision out if it is to remain there merely to allow sham proceedings to be instituted against lawbreakers and then have a clause that no other proceedings can be instituted against them on the same set of facts.

Mr. DIEFENBAKER: Mr. Meighen was not here in 1935.

Mr. ST. LAURENT: He was in the senate; it was in the senate that this was introduced; and it came here the day before the last of the session and had to be taken in that form or nothing at all would have been obtained. If in committee the house will agree that the restrictive provision which prevents the institution of more than one set of proceedings be deleted, then I shall be quite prepared to accept a motion to delete from the Combines Investigation Act the subsection that has been there since 1923, which reserves to the attorneys general of the province or the Attorney General of Canada responsibility for taking action following an investigation under the act. The hon. member knows that would be something of little substantial effect. He pointed out in his speech that there are very few individuals who are going to undertake, at their own risk and at their own expense, a long struggle with a powerful corporation to establish that its manner of doing its business is illegal. But there will be no objection to having the law framed in such a manner that if such a courageous, public-spirited citizen wishes to do it on his own account he will be privileged to do so. He already has had the right to do so under section 498 or 498A of the code.

The matter to which the hon. member for Brandon (Mr. Matthews) referred is one which, on the facts stated in the brief he submitted, would clearly constitute a violation of section 498A of the code. It is a matter which is being carefully investigated by Mr. McGregor. Mr. McGregor has not yet come to the conclusion that he should recommend that proceedings be instituted, but he has had the matter under consideration. He has had correspondence with the interested parties and is giving it serious attention. But apparently Merchants Consolidated Limited, made up of four hundred individual merchants, would prefer to have the government undertake the risk and expense of bringing Canadian Industries Limited to time than do it itself.

With respect to international cartels, the hon. member for Lake Centre knows, as I know, that we cannot prosecute for offences committed in foreign parts; that arrangements

to that end have to be negotiated internationally, and the matter is on the agenda of the meeting called originally by the United States government and which has now been placed under the aegis of the economic and social council of the united nations. Joint action is required there. We cannot prosecute anyone here in Canada because he has to charge for the components of fertilizer which he imports into this country a price which gives him some margin over the laid-down cost at the Canadian port of entry. That is something which we cannot effectively deal with here. We can refuse to take these component parts at all, but that would not give us the fertilizer. It so happens that, in spite of the serious situation disclosed in this report of the commissioner on cartels, we still prefer to have the fertilizer at the price we have to pay than to do without it. But the purpose served by making these facts public is to prepare the way for the international agreements we hope to be able to make which will bring about by international action the curbing of such activities.

Here we are asking for amendments to the legislation which appear to be necessary to enable the commission, as it is being reorganized, to function in an efficient manner. During the war there were price ceilings which afforded some protection. It is known to members of the house that the commissioner under the Combines Investigation Act was on loan to the wartime prices and trade board and was, up to a few months ago, in charge of the enforcement of the regulations of that board. Since the beginning of the year he has returned to his former job of giving his time and attention to the matters to which the Combines Investigation Act applies. I think most hon. members have in him the confidence which was expressed by those who have taken part in the debate, and they believe that if he is given the statutory legislation he requires, and is not hampered in his operations, he will do an efficient job.

I can say to the hon. member for Lake Centre that there have been no reports from the commissioner to the Department of Justice not acted upon, and I am informed by the Minister of Labour (Mr. Mitchell) that since 1939 there were no reports to the Minister of Labour from the commissioner under the Combines Investigation Act which were not acted upon.

While this act is administered under the Department of Justice and I happen to be there I can give the house the assurance that the efforts of the commissioner will be fully seconded in every possible way to eliminate, to the extent to which it may be feasible, the detrimental effects of these monopolies, trusts and cartels referred to in his report. I therefore suggest that this bill might be given second reading and that we might consider then the clauses it contains; and if it is, as I hope it will be, the feeling of the house that section 28 of the bill of 1935 be repealed I shall then be quite prepared to accept an amendment from the hon. member for Lake Centre to repeal the provision which makes the laying of informations the sole responsibility of attorneys general.

Motion agreed to, bill read the second time, and the house went into committee thereon, Mr. Golding in the chair.

Section 1 agreed to.

On section 2—Deputy commissioners.

Mr. FLEMING: How many deputy commissioners does the minister propose to appoint under the provisions of the new section 6?

Mr. ST. LAURENT: I asked the commissioner that question and he gave me the information. He is just entering the chamber and I shall have him repeat it to me because I want to be absolutely accurate in giving the answer. At the present time the intention would be to have three appointed and it might perhaps be four. The commissioner tells me that what he is considering at the present time is three.

Mr. FLEMING: I take it they will be full-time deputies and not simply ad hoc appointees from time to time?

Mr. ST. LAURENT: No; they will be full-time deputy commissioners appointed under the Civil Service Act, and one will be designated by the governor in council as the deputy who will replace the commissioner in his absence or if at any time he should be unable to act.

Mr. HACKETT: Will the minister state the number of personnel at the present time, and by how many they will be augmented when the three additional commissioners have been named?

Mr. ST. LAURENT: At the present time there are ten combines investigation officers. The present intention would be to have three of those officers designated as deputy commissioners.

Mr. HACKETT: My question was, by how many will the personnel of the department be increased by reason of the appointment of the three deputy commissioners?

Mr. ST. LAURENT: It would not necessarily increase the number at this time. The present intention would be to have three of

the combines investigation officers appointed by the civil service commission as deputy commissioners. That, of course, would be subject to the findings of the civil service commission, which will fix the qualifications required; and it is hoped that it would be from the existing combines investigation officers that the three deputy commissioners would be selected.

Mr. COCKERAM: What salary does the minister propose to pay these deputy commissioners?

Mr. ST. LAURENT: These salaries are fixed by the civil service commission. It is a matter which is at present under consideration by the civil service commission, which probably is awaiting the report of the special commission under Mr. Gordon as chairman, which report is expected very shortly, in relation to salaries for key positions in the civil service.

Mr. DIEFENBAKER: How many investigations have taken place in the last ten years? A while ago the minister mentioned that in no case had a recommendation, made by the commissioner not been acted upon. How many investigations have taken place, and in how many cases was a combine reported as in existence?

Mr. ST. LAURENT: In the two years from 1935 to 1937 no investigation reports were made. In 1939 there was the investigation of Container and Materials Limited, and the shipping case, Materials Manufacturers' Association, which cases went on until 1942. In 1940 and 1941 there was the investigation into tobacco manufacturers and wholesalers. In 1939 there was the investigation into the western fruit and vegetable combine. The commissioner repeats to me the assurance I gave the house, that during this whole period no reports were made that were not acted upon. A number of informal investigations were conducted; representations as to what was the law were made to those investigated; if they immediately complied with the law, the investigations did not end in a formal report being submitted by the commissioner to the minister.

Mr. DIEFENBAKER: Is that right, then, that in certain cases investigations are conducted by the commissioner and that, once he arrives at a settlement or a satisfactory arrangement, no report is made on what has taken place?

Mr. ST. LAURENT: The commissioner reports the facts he ascertained, that there were practices which appeared to him to be undesirable and that those who were responsible had agreed to eliminate them, so that further action appeared to be unnecessary to protect the public interest.

Mr. DIEFENBAKER: How many of those were there in the period I have mentioned?

Mr. ST. LAURENT: The commissioner informs me that from 1935 to 1937 there were no cases. From 1937 to 1939 there were the three major cases which were investigated, where he found combines which he reported and in respect of which prosecutions were instituted, while there were other investigations where he did not find there were combines.

Mr. DIEFENBAKER: But how many of those were there? I should like to find out the extent to which investigations are made. How many of these investigations were made in which, after the matter was brought to the attention of the alleged wrongdoers and they gave the assurance that changes would be made, no further action was taken? What was the number of those cases?

Mr. ST. LAURENT: I am told I was wrong in saying they had to give assurances that changes would be made. What followed as the result was that there were not sufficient grounds to charge that a combine existed. In the two fiscal years from April 1, 1938, to March 31, 1940, some fifty-two such investigations were made. In the five fiscal years from April 1, 1940, to March 31, 1945, some forty-two investigations were made. That was during the war period.

Mr. DIEFENBAKER: In regard to this question of radio tubes and sets, and Canadians being unable to get small radio sets, when was that matter first brought to the attention of the commissioner or those charged with the administration of this act?

Mr. ST. LAURENT: Allegations of the existence of a combine with respect to the manufacture of radio tubes and receiving sets were received toward the end of 1930 or the beginning of 1931, and the greater part of this investigation was carried on in 1931. The registrar reported a combine of radio tube manufacturers. It was alleged that common selling prices had been fixed at an unreasonably high level and that competition had been otherwise lessened to the detriment of the public. The attorney general of Ontario, to whom the case was referred, decided that no prosecutions should be instituted.

Mr. DIEFENBAKER: In addition to that report, there was a further report which seemed to bring the matter right to the

attention of the commissioner. This is referred to on page 24 of the report. This is right up to date; it is not back in 1931. The report states that on investigation of the radio industry in 1939 and 1940 the tariff board found that Canadian consumers were being unduly exploited through the arrangements then in effect. That having been found out in 1939, why were no proceedings taken with regard thereto?

Mr. ST. LAURENT: At that time the matter was being handled by the tariff board, and the proceedings referred to there are proceedings before the tariff board where apparently an application had been made for a reduction in the protection because of the prices that were prevailing in Canada.

Mr. DIEFENBAKER: Did the tariff board not report to the combines commissioner that they had found that Canadian consumers were being unduly exploited by the arrangements which were in effect?

Mr. ST. LAURENT: The commissioner tells me, it did not. The tariff board reports to the Minister of Finance and there was no report to the commissioner. This was knowledge that the commissioner obtained for the purposes of this report, but it was not through a report made to him by the tariff board.

Mr. DIEFENBAKER: That seems difficult to understand because it shows a lack of collaboration and cooperation between departments that is quite serious. The Minister of Finance finds out in 1939 and 1940 that the radio industry was unduly exploiting the Canadian consumer, and yet nothing is done because apparently the Minister of Finance or those connected with him did not report to the officer in charge of the investigation of cartels or monopolies or unfair practices. Something should be done to draw to the attention of the departments the necessity of passing on information that is as well authenticated as this was. This should apply to the Department of National Revenue as well as to the Department of Finance. The tariff board made a lengthy finding on the matter, and that should have been communicated to the officer in charge of protecting the Canadian people from such exploitation.

I am not going to read all that appears on page 24 because I do not believe in reading long quotations, but it is all set out there quite clearly. Apparently it was known to the board and to the Minister of Finance in 1939 and 1940 that these serious matters were going on. I am sure that there should have been some exchange of information between departments which would bring such startling information to the attention of the man charged with preventing wrong-doing of that kind.

Mr. ST. LAURENT: I would call the attention of the hon. member and of the committee to the fact that this is not a finding of a combine or monopoly, it is a finding that because of a situation which existed there were being taken from Canadian users higher royalties than were being taken in other countries. That is precisely one of the things which one of the later sections of the bill is intended to correct. In 1935 the Combines Investigation Act and sections 498 and 498A of the criminal code had been placed for investigational purposes under the control of the dominion trade and industry commission. That was the situation until 1937 when investigations under the Combines Investigation Act were restored to the commissioner, but investigations under sections 498 and 498A remained under the dominion trade and industry commission. It is proposed by this bill to restore the jurisdiction and responsibility for investigations under sections 498 and 498A to the commissioner of the Combines Investigation Act so as to have only one responsible official for investigations under both statutes.

Mr. COCKERAM: The minister stated that there were ten investigating officers at the present time, but according to the estimates for this branch there are only six.

Mr. ST. LAURENT: The estimates were prepared before the schedule for the reorganization of the branch had been drawn up. If the hon. member was here when the estimate was passed he will remember that I declared I would have a substantial supplementary estimate to enable the commission to carry on according to its plans. Just before the main estimates were considered in the committee I had signed a recommendation to the treasury board to approve a substantial supplementary estimate for this combines investigation commission.

Mr. SKEY: Did the commission have sufficient personnel to carry on fully in the past the investigation of all informations that were brought before it?

Mr. ST. LAURENT: From 1935 to 1937 jurisdiction was taken away from the commissioner and transferred to the dominion trade and industry commission. In 1937 the commissioner got back part of his jurisdiction under the Combines Investigation Act, but the remainder, which came under sections 498 and 498A remained with the dominion trade and industry commission. By this bill it is

proposed to put them both back under the commissioner and he is enlarging his staff. He feels that for the present ten investigating officers and the clerical staff required to assist them will enable him to carry out his duties. From the beginning of the war to the end of 1945 the commissioner was on loan to the wartime prices and trade board as enforcement administrator of the wartime regulations.

Mr. SKEY: The minister has not answered my question. I asked whether the commission had had sufficient staff to carry on investigations in all cases of informations that had been laid before it.

Mr. ST. LAURENT: I took the hon. member's question to refer to the period 1935 onward. If it referred to a prior period I would state that frequently ad hoc investigators were appointed as assistants to the commissioner to make investigations. The commissioner informs me that at no time was he prevented from obtaining all the assistance he required to carry out all the work that he felt it was proper to do.

Mr. FLEMING: The minister a few minutes ago, in giving statistics as to the number of inquiries since 1935 made by the commissioner, indicated that three had resulted in an extensive investigation leading, I take it, to prosecutions, and that approximately one hundred inquiries had been made which had not issued in reports. That ratio of about three to one hundred apparently represents the number of complaints received by the commissioner having a substantial foundation. Section 13 of the act, as amended by the 1935 statutes, chapter 54, section 7, provides:

> If, after such preliminary inquiry as the commission deems the circumstances warrant, the commission is of the opinion that the application is frivolous or vexatious, or does not justify further inquiry, the commission may decide that no further inquiry is justified . . .

In how many of these cases was the power in section 13(1) exercised? Or do those one hundred cases approximately represent those in which the commission, although not finding that the application was frivolous, or vexatious, or not justifying further inquiry, went ahead and made an investigation, but nevertheless found no justification for the charge and no ground for prosecution or report to the minister.

Mr. ST. LAURENT: I am not sure that I fully got the gist of my hon. friend's question, but possibly this information may supply an answer to it. I understand that since 1923 there have been 585 complaints or requests or occasions for investigations. Of these all but twenty-one were on formal or informal complaints coming from members of the public, and twenty-one were on matters initiated by the commissioner himself. There were during that period eighteen formal investigations and prosecutions in ten main groups of cases. In all but two there were verdicts obtained against some of the defendants and in one more, the tobacco case, the verdict was upset on appeal.

Mr. FLEMING: That is, eight out of ten.

Mr. ST. LAURENT: There were two acquittals and one case where the conviction was reversed on appeal.

Mr. SKEY: Did I understand the minister to say that there were 564 complaints from the public and only eighteen formal investigations of those 564 complaints?

Mr. ST. LAURENT: No, there were fifty-seven formal applications for investigation. There were 507 matters brought in the form of a complaint to the attention of the commissioner by members of the public who felt that they were being required to pay more than they should pay or that they were not getting commodities that they should be enabled to get.

Mr. SKEY: What is the difference between a complaint and a formal complaint?

Mr. ST. LAURENT: A formal complaint is an application by six persons for an investigation under the act. That is one method which is provided for by the terms of the statute. It has to be supported by a statutory declaration of the facts set out in the application. In 507 additional cases there were representations made by individuals to the commissioner asking him to look into a certain thing which appeared to the writer to be wrong.

Mr. FLEMING: I do not wish to prolong this discussion, but in the light of the statistics furnished by the minister it looks as if the people of this country have obeyed pretty faithfully the terms of the statute when after twenty-three years of experience with the act there have been some 500 odd complaints and only ten cases that went to the courts, and of those ten only eight resulted in verdicts. That is a pretty good record for obedience to the law, I should say.

Mr. ST. LAURENT: I think that in general the business community of Canada does not want to breach the laws which parliament has enacted in the interest of the public. These cartels have not always been things that those engaged in them looked upon as wrong. That is confirmed by the citation which the member

for Lake Centre made this evening that the United States authorities wanted all cartels to be eliminated as wrongful, whilst the British attitude was that each one of them should be individually looked into to determine what it was accomplishing and that, unless it was found to be bringing about harmful results, it should not be eliminated.

Mr. DIEFENBAKER: Is that the policy in this country?

Mr. ST. LAURENT: That has been the policy in this country. There have been principles asserted by our courts, and a combination has to be shown to be undue to come within the terms of the law; there can be a limiting of actual competition that is not undue and that is not harmful to the public.

Mr. BOUCHER: The minister said that some 500 odd complaints were made and only fifty formal complaints. Would that indicate that there was not sufficient leeway allowed to make complaints and have an investigation? I wonder whether the minister feels that the provision that six people must swear by deposition under oath before an investigation can be started should be retained? What surprises me to-night is the number of complaints which have been made, the few formal ones, the very few convictions, and the number of cases that have been investigated in which no report whatsoever has been made to the minister. It seems to me that a little more action might be taken than has been the case hitherto. Has the minister some suggestions in that regard, because the situation seems to me alarming?

Mr. ST. LAURENT: If the hon. member is patient he will find there is a provision in the bill to enable the commissioner to act now as he used to act before 1935, on his own initiative, without requiring the formal complaint of six persons.

Mr. BOUCHER: I appreciate that, but I do not think it cures the situation we have now, wherein some 550 complaints have been received but only a baker's dozen of investigations have actually been made. It seems to me that more initiative could be shown. The commissioner is allowed to go ahead on his own initiative, and I think there should be some means of requiring that he shall go ahead.

Mr. DIEFENBAKER: I asked a question to which the minister omitted to reply, which has to do with the prosecution of the tobacco companies in Alberta in 1941 and 1942. A great deal of evidence was heard in those prosecutions. The case went on for a very long time; a conviction was registered, and—I speak now from recollection; I thought I had the case here, but I have not, it is just one of the interlocutory matters referred to in this volume—a fine of some $220,000 was imposed. The matter went to the court of appeal of Alberta, and the court allowed the appeal on a technical point, one which, although perfectly justified, was nevertheless technical, that there should not have been conjunction of certain charges under the criminal code with those under the Combines Investigation Act. Then there was an endeavour on the part of the crown to appeal to the Supreme Court of Canada, and, as I remember it, the application for leave to appeal was denied because there was no such right having regard to the decision made by the court of appeal of Alberta. The case is still spoken of, and one frequently hears the question asked, why were no further proceedings taken? Certainly the allowance of the appeal in the Alberta court of appeal under the circumstances would scarcely afford a defence of *autrefois acquit;* and naturally, having regard to the striking evidence which was given of monopoly control and interference with the rights not only of consumers but of retail dealers, it is difficult to understand why something has not since been done. I should like to ascertain from the minister why no further action has been taken; why, in view of the fact that the government saw fit to retain most eminent counsel to prosecute that case—Mr. McRuer, now chief justice of Ontario—nothing further was done, and to all appearances no particular changes have taken place since in the matter of the handling of a commodity in such general use.

Mr. ST. LAURENT: I asked for a report on that case, because, as the hon. member says, it did attract considerable attention at the time. The report I got on it was this:

Existence of an alleged combine in the distribution of tobacco products in the province of Alberta and elsewhere in Canada was reported by the commissioner in August, 1938, after an investigation commenced in March, 1938. A system of price-fixing agreements, stop-lists, boycotts and related trade restrictions operating to the detriment of the public was reported to have been put into effect in Alberta and other provinces by certain tobacco manufacturers and wholesalers. Prosecution proceedings instituted in Alberta in 1938 under section 498 of the criminal code subsequently were stayed by the crown and charges were laid for offences under the Combines Investigation Act. Thirty-six companies and individuals engaged in the tobacco business,

including wholesalers and seven manufacturers, were convicted by a jury at Edmonton in July, 1941, of offences of participation in a combination to fix and enhance prices of tobacco products and operation of a merger, trust or monopoly substantially controlling tobacco distribution throughout Canada to the detriment of the public. Sentences imposed by Mr. Justice Shepherd of the Alberta supreme court totalled $221,500 and ranged in individual amounts from $25,000 to $250. Appeals against conviction by thirty-five of these accused were allowed by four members of the Alberta court of appeal in February, 1942, on the ground that certain of the accused had been previously charged under section 498 of the criminal code and on other technical grounds of procedure at the trial. An application on behalf of the attorney general of Alberta for leave to appeal to the Supreme Court of Canada was dismissed in May, 1942. Reductions of some ten per cent in prices of a number of leading brands of tobacco products, exclusive of tax changes, were made after institution of the court proceedings in these cases.

In May, 1942, most people were otherwise engaged than in proceeding against combines in restraint of trade in the domestic market.

Mr. DIEFENBAKER: They were engaged in the same way in July, 1941.

Mr. ST. LAURENT: No, not to the same extent. The year 1942 was a pretty dark period; and the attorney general of Alberta did not choose to start over again. The grounds on which the proceedings under the Combines Investigation Act had been quashed in the court of appeal were that under this section 28 of the 1935 statute there could not be any other proceedings; proceedings which had been instituted under the article of the code were an obstacle to other proceedings being taken under the Combines Investigation Act.

Mr. DIEFENBAKER: Does the minister say that the reason no further proceedings were taken is that the attorney general of Alberta did not want any further proceedings taken?

Mr. ST. LAURENT: There were no doubt many factors that entered into the decision not to proceed further. The wartime prices and trade board was then in control of prices, and it may have been felt that no useful purpose would be served by continuing the proceedings. Then there was the difficulty which arose out of the 1935 statute which provided in terms that—

"No person shall be charged with, tried for or convicted of an offence against this act,"—

Mr. DIEFENBAKER: What section?

Mr. ST. LAURENT: It is section 28 of the 1935 statute.

—by the same information, upon the same evidence or at the same time as he is charged with, tried for or convicted of an offence against section 498 of the criminal code.

There was some question as to whether, if the proceedings under the criminal code were withdrawn, that would not give rise to a plea of *autrefois acquit,* and the court had decided that unless they were withdrawn the fact that they were stayed did not allow proceedings under the Combines Investigation Act to be instituted and carried on.

Mr. MERRITT: Does the result of that case, therefore, lead us to this position—

The ACTING CHAIRMAN (Mr. Golding): We ought to try to keep to the section, which is section 2.

Mr. MERRITT: The discussion on this point has gone on for a considerable time and I have a question to ask which I am sure the minister would answer.

Mr. ST. LAURENT: By common consent we have treated this as the section on which a general discussion might take place.

Mr. MERRITT: Is the committee to understand, from the total result of the case to which the minister and the hon. member for Lake Centre have been referring, that the price-fixing agreements and other practices of which the commissioner complained are now tacitly approved by the result of the proceedings, and have those practices been altered in any way, to the knowledge of the minister?

Mr. ST. LAURENT: They are certainly not tacitly approved. They were not felt to be operating to the detriment of the public. There had been this reduction of about ten per cent in the prices of the principal brands of tobacco in the western provinces, and the wartime prices and trade board had fixed ceilings beyond which such products could not be sold. It was not felt that at that time they were operating to the detriment of the public. But as soon as controls were removed, if like practices are persisted in, they will continue to be in violation of the statute. It is hoped that this embarrassing provision of the 1935 statute will have been eliminated, and if it is found that the practices are persisted in, proceedings could be resumed and carried to a successful conclusion.

Mr. MERRITT: That is really the essence of my complaint against the provisions of the statute as it now stands. Apparently a reduction of ten per cent or of some percentage in the price may make an agreement, which would otherwise be illegal as against the interests of the public, one that possibly would be in the interests of the public, and to my mind it is the existence of the agreement to fix prices which should be the illegal thing. It should not be left to a question of what the actual effect is on the prices. Would the minister give an opinion and say whether he thinks we can ever get anywhere when one has to look into the actual effect on prices of each particular agreement which might be the subject of investigation?

Mr. ST. LAURENT: At the time the investigation was made and these practices were ascertained, it was quite apparent that they were impeding competition and preventing certain companies from getting their products to the consumer. Then there came about this reduction in price. Then there was set up the wartime prices board which stabilized prices, and at the same time the demand for tobacco products became so great that no one was interested in the elimination of competition. There was a greater demand than there was capacity to produce by all the producers, so that it became a matter that did not have the same interest for the public as it had when the investigation was started.

Mr. MERRITT: Do private agreements still exist?

Mr. ST. LAURENT: I am not in a position to say whether they exist. As a matter of fact, they do not appear to have been operating. The market appears to have been open to anyone who could supply tobacco products.

Mr. WRIGHT: Some time ago the minister stated that there were fifty-two firms that had been investigated in respect of whom no action was taken. Apparently the commission thought that no action was necessary. Was there any change as a result of the investigation in connection with any of these firms in which certain practices were followed?

Mr. ST. LAURENT: The commissioner informs me that though he had not found enough to justify prosecution there were quite a number of cases where there were practices that looked questionable and to which the attention of the administrators of the firms was called; he has no doubt there were some of these things which did not suffice in his opinion to justify prosecution but which nevertheless were eliminated after the attention of the administrators had been called to their objectionable aspect.

[Mr. St. Laurent.]

Mr. WRIGHT: In that case it would look as though there were bargaining between the firms and the commission as to what they should do to avoid being prosecuted. There is an opening left for that.

Mr. ST. LAURENT: I do not believe that Mr. McGregor would bargain, and I do not think those who paid tribute to him this afternoon feel that he would bargain away the rights of the public with those whom he was investigating.

Mr. WRIGHT: I am not saying that he did or that he would, but I am saying that it leaves it open to that construction, which I think is a serious position to leave the commission in.

Mr. BLACKMORE: Would the hon. member suggest how it could be avoided?

Mr. FLEMING: How many inquiries are pending at the present time?

Mr. ST. LAURENT: The commissioner informs me that there are from twelve to fifteen cases under consideration at the present time. He would not like to give any more information about them than just to state that about twelve or fifteen are under investigation at this time.

Mr. DIEFENBAKER: I do not wish to press this unnecessarily, but I am surprised at the explanation given the hon. member for Vancouver-Burrard regarding the circumstances connected with the decision made that no further proceedings would be taken against these tobacco companies. They were charged with having in 1938 and previously done many acts in restraint of trade, having indulged in unfair practices. According to the minister there was justification for the charge; because, if I understood him rightly, the evidence was to that effect. He said that the reason they did not proceed against them after they got away on technical grounds in the court of appeal on another charge was that the wartime prices and trade board was operating then and that, therefore, there was no danger of these companies taking advantage any more. In any event, they reduced their prices by ten per cent. What it amounts to, therefore, is this, that they were not proceeded against any more, after having won a new trial in the court of appeal on a technical ground, and they were not proceeded against because they said they would not do wrong any more; or the attitude of the authorities was, "They cannot do wrong any more because of the action of the wartime prices and trade board." I ask the minister this pointed question: Did not the chief counsel for the government, Mr. McRuer, request the Department of Justice to proceed, and did he not

give it as his opinion that further prosecution would not be defeated by reason of the fact that an information had been laid earlier and withdrawn?

Mr. ST. LAURENT: No; there was no such opinion given to the Department of Justice. The commission was not under the Department of Justice at that time; it was operating under the Minister of Labour. I have no knowledge of any such opinion having been given to the Department of Labour.

Mr. DIEFENBAKER: The minister does not know.

Mr. ST. LAURENT: There did not come to my knowledge in the Department of Justice any such opinion.

Section agreed to.

On section 3—Duties of commissioner.

Mr. MERRITT: Section 3 is the only part of the amending bill which makes any reference at all to the conclusions of the McGregor report. Section 3 permits the commissioner to compile further information with regard to monopolistic conditions arising either from the operations of international cartels or otherwise. I should like to know, first of all, whether any further investigations are being made along any particular channels which have not been explored by the McGregor commission and whether there is an appropriation and a staff to give effect to this new section. Why does this bill not contain some measure to control international cartels? Either on second reading or after we got into committee I understood the minister to say that until some international agreement was reached with other nations it would be impossible to deal with the Canadian sections of international cartels. I cannot understand why the new section 30 and the old section 2 cannot be made applicable at the present time to international cartels. If so, I should like to know whether proceedings implementing the McGregor report are being taken under these sections.

Mr. ST. LAURENT: We have not yet come to section 30. Section 30 is being asked for precisely for the purpose of enabling the commissioner to deal in Canada with that part of an international cartel arrangement which would operate here. As to providing in this bill curbs or provisions to implement international agreements with respect to cartels, we were not able to devise anything which would have been other than a provision empowering the governor in council to take such action as might be required to carry out an international agreement. I felt that I would not ask parliament to empower the governor in council to do that; that parliament would probably want to know what the agreement was before it would give authority to implement it. Even if it did take a little more time, it was better to wait until we had the agreement and then come to parliament and ask parliament to provide for it to be implemented instead of asking for a blanket authority in advance to carry out such agreement as might be arrived at. My experience at the last session of parliament made me feel it was better not to ask parliament for such blanket authority, even if it did involve taking a little more time to accomplish our purpose.

Mr. MERRITT: The other part of my question was, is there a staff to carry out these additional duties of compiling information and making studies as well as actual investigations?

Mr. ST. LAURENT: There is a staff which the commissioner feels will be able to do everything which he envisages at present, but I do not think this staff is going to stay at ten officials. I believe it will grow as its work develops.

Mr. HAZEN: Has any attention been given to the advisability of defining the words "international cartels" or "international cartel"? I do not think there is any definition of "international cartel" in the act.

Mr. ST. LAURENT: No, and I do not think it would be prudent for parliament to try to define what is an international cartel. I am sure that if we did, the things which would be set up afterwards would not come within the definition. I think we are better off with the expression "international cartel", because we know what we have in mind; whilst if we set up a definition there would be a form of arrangement arrived at which would not be within the terms of the definition.

Mr. HAZEN: We were good enough to give a definition to the word "combine".

Mr. ST. LAURENT: We were dealing there with organizations in our country, and we defined "combine" in pretty broad terms; but at this time I think we would be going beyond what we should do if we tied ourselves down to a definition before we have these discussions with others who are interested like ourselves in curbing the activities of such organizations.

Mr. MacINNIS: The commission on Canada and international cartels made a number of recommendations which are at the end of the report. Do these amendments to the Com-

bines Investigation Act make provision for all the specific recommendations made in the report, or is further legislation to be introduced to put the recommendations into effect?

Mr. ST. LAURENT: There are recommendations which require to be implemented by international agreement, if international agreement can be arrived at. If it is found that international agreement can be arrived at, we shall then have to come to parliament for authority to carry out our part of the international agreement, and we shall know just what the international agreement amounts to. If international agreement cannot be arrived at, then we shall try to devise some means to get along without it and to achieve the objectives recommended in the report in some other way. But this bill is to deal with things which can be brought before the courts of justice of this country at this time. There is, in addition, this provision in section 3, making it the responsibility of the commissioner to keep himself advised of what is going on in the way of international cartel arrangements and to advise the government and parliament constantly of his findings in that respect.

Mr. MacINNIS: Outside of what must be done by international agreement, are all the other recommendations which can be carried out without international agreement, included in this measure?

Mr. ST. LAURENT: I am informed that the commissioner felt that all the legislative amendments which were required were provided for in this bill; that the other part of his recommendations will require organizational changes which are provided for in the estimates, or will be provided for in the supplementary estimates which will be brought down.

Mr. GRAYDON: As the minister knows, the economic and social council of the united nations, to which some reference has already been made in this debate, has some powers which could hardly be described as having very sharp teeth. That council, of course, is set up for the purpose of initiating studies, making recommendations and so on; but there are no operative provisions in regard to enforcement or anything of that kind. From what the minister says, I take it that there is in contemplation some sort of international agreement with respect to the question of international cartels. Will that agreement be initiated or entered into under the aegis of the economic and social council, or will it be a separate agreement among certain nations particularly interested in the subject?

[Mr. MacInnis.]

Mr. ST. LAURENT: My understanding is that the United States government put out its proposals for expansion of world trade and employment; that those proposals had been communicated to several governments and had been given tentative approval; that at the general assembly of the united nations a decision was made that the social and economic council would take the responsibility of convening this meeting of the nations to discuss the proposals put forth by the United States government, which among others contained proposals for the elimination of cartels; and that it is hoped the governments participating in the conference would agree upon terms to eliminate these international cartels or to control them in such a manner as to prevent their harmful effects upon the economies of the participating nations.

Mr. GRAYDON: It seemed to me that unless there was some agreement among the governments interested in the suppression or control of the cartel situation at the international level, two things might result which would be prejudicial to our national organization as well as to the international organization. That is, if we allow in the world some superauthority which is seemingly beyond the power of governments themselves to control, as international cartels at certain stages actually seem to be; if that condition were allowed to continue it would seriously affect the international organization which has been set up, and, in addition, would weaken the position of our own government and our own parliament in dealing with that matter at the domestic level. The evidence clearly shows that at various stages these international cartels weave themselves into the very fabric of our own domestic situation and our own economic structure; and I should fancy that one of the principal advantages in the reform of cartels would be to see that international cartels are dealt with at that level in the manner in which they should be dealt with. In other words, there should be no higher authority and no higher power than the government which represents the people of a nation, though there seems to have been some evidence in the past, in any event, that governments have been unable to cope with a situation having so many international ramifications that it almost overpowers governments which are supposed to represent the people themselves.

I make these remarks only because I wanted the point clarified with respect to the part played by the economic and social council. If the matter is to be simply left to that council, certainly under the united nations charter the

council has not sufficient power to enable it to do anything in connection with cartels except to initiate studies and make recommendations. If, however, at the world trade conference a proper agreement is reached, of course that alters the picture entirely, so that eventually we may hope for some teeth in the procedure for dealing with this affair on an international basis.

Mr. ST. LAURENT: I am sure there will be no difference of view between the government of the United States and the government of the United Kingdom as to the desirability of there being no commercial or industrial power greater than the power of governments to determine what the economy of the respective nations should be.

Section agreed to.

On section 4—Transfer from D.T. & I.C. Act of provisions re certain complaints.

Mr. GRAYDON: This section contains a number of features which I think perhaps require a little more extended discussion than we shall be able to give to-night. It is very close to eleven o'clock, so that perhaps this section might be allowed to stand, because I am afraid we cannot complete it this evening.

Section stands.

Progress reported.

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

Wednesday, July 3, 1946

The house met at three o'clock.

QUESTIONS

(Questions answered orally are indicated by an asterisk).

RADIO BROADCASTING—ADVERTISING PROGRAMMES

Mr. DIEFENBAKER:

1. Has the Canadian Broadcasting corporation banned or refused advertising programmes offered to it at any time during the past year?
2. If so, which programmes were banned or refused?
3. Why was each refused?
4. By whom was the decision made in each case?

Mr. McCANN:

1. The Canadian Broadcasting corporation has not accepted for its networks some advertising programmes offered during the past year.

2 and 3. It would not be in the public interest to give details of these non-acceptances as this might be embarrassing to advertising agencies, sponsors and United States networks, would impair the relations of the corporation with those with whom it has business dealings and so affect its ability to serve the listening public.

4. By the corporation.

WARTIME PRICES AND TRADE BOARD—FARM MACHINERY

Mr. McCULLOUGH (Assiniboia):

1. Who are the members of the wartime prices and trade board?
2. Is there any representative of organized labour and agriculture on this board?
3. If so, who are they and what organizations do they represent?
4. What companies made representation to the wartime prices and trade board for increase in price of farm machinery?
5. What were the demands of increase in retail prices in each case?

Mr. MAYHEW:

1. Chairman: Donald Gordon, deputy governor, Bank of Canada.
Members:
H. B. McKinnon, chairman of the tariff board.
David Sim, deputy minister for customs and excise, Dept. of National Revenue.
F. A. McGregor, commissioner of the combines investigation act, Dept. of Justice.
A. M. Shaw, director of marketing service, Dept. of Agriculture.
J. G. Bouchard, asst. deputy minister of agriculture.
W. A. Mackintosh, director general of economic reconstruction, Dept. of Reconstruction and Supply.
A. MacNamara, deputy minister of labour.
M. W. Mackenzie, deputy minister, Dept. of Trade and Commerce.

2. No. The members of the wartime prices and trade board are employees of the government or government agencies and special groups are not represented.

3. Answered by No. 2.

4 and 5.

Geo. White & Sons Co. Ltd., London, Ont., 22 per cent.

Otaco Ltd., Orillia, Ont.—variable amounts on each machine ranging from 8½ per cent to 40 per cent.

Fleury-Bissell Ltd., Elora, Ont., 27 per cent.

John Deere Plow Co. Ltd., Welland, Ont., 20 per cent.

Brantford Coach & Body Ltd., Brantford, Ont., 45 per cent.

Massey-Harris Co. Ltd., Toronto, Ont., 29 per cent.

Cockshutt Plow Co. Ltd., Brantford, Ont., 28½ per cent.

International Harvester Co. of Canada Ltd., Hamilton, Ont., 23 per cent.

R. Noble & Sons, Shallow Lake, Ont., 25 per cent.

Note.—A great number of requests were made by telephone which were not confirmed by letter. During these telephone conversations the applicants were generally advised that a survey of the industry was being made and that the increase when approved would be uniform and would apply to all manufacturers.

VETERANS LAND ACT—MIDDLESEX COUNTY

Mr. WHITE (Middlesex East):

1. Have any farms been purchased in East Middlesex under the Veterans Land Act?
2. If so, in what townships, concessions, and what are the lot numbers?
3. What price was paid for each?

Mr. TUCKER:

1. Yes.
2. Farms purchased in East Middlesex:

Township	Concession	Lot Number
Biddulph		Pt. of 3 (proof line road)
"		Pt. Lot 24 (south boundary)
"	1	34
"	2	14
"	3	S½ of 11
"	3	34
London	A	NW¼ 4
"	5	W½ 22
"	5	Pt. S½ 32
"	6	W½ N½ of 2 and N½ 3
"	6	S½ S½ of 24
"	9	SW¼ of 23
Westminster		E½ of 12 (west gore)
"	1	SW¼ of S½ of 42
"	2	Pt. of 79
"	5	Pt. of 6
"	6	N½ of 19
North Dorchester	B	NE Pt. of 5
" "	1	N½ Lot 2
" "	3	N½ 23 S½ 23
" "	5	Pt. of 18
West Nissouri...		Pt. of 25
" " ...	3	35
" " ...	4	N½ of W½ of 2
" " ...	6	E½ of 24

3. It is considered that the public disclosure as to details of prices paid for various lands purchased by the Veterans Land Act would be detrimental to the administration and operation of the act and not in the best interests of the veterans for whom the lands are purchased. This is in accord with statement made to the house on April 17, 1946, page 951 of *Hansard*, and on subsequent occasions.

1943-44 WHEAT PARTICIPATION CERTIFICATES

Mr. TOWNLEY-SMITH:

1. When will the 1943-44 wheat participation certificates be redeemed?
2. Will it be necessary for these certificates to be sent into the Canadian wheat board offices before being paid?

[Mr. Mayhew.]

3. Have the forms asking for the return of such certificates been sent out from the Winnipeg office?
4. If so, when?
5. If not, what is the reason for the delay?

Mr. MacKINNON:

1. As soon as the participation certificates listed on the proper form are returned to the Canadian wheat board.
2. Yes. These should be listed on special forms by the producer. These forms have been in the hands of the elevator companies since June 22. Producers who have not already done so, should obtain these forms from the local elevator and the elevator companies will return the completed forms with the participation certificates to the Canadian wheat board in Winnipeg.
3. Answered by No. 2.
4. June 22, 1946.
5. Answered by No. 4.

INTERIM ARMED FORCES—GRATUITIES

Mr. DIEFENBAKER:

1. Are members of the interim force of the armed forces entitled to payment of gratuities?
2. What action has been taken towards early payment of gratuities to men in the said force?

Mr. ABBOTT:

1. Members of the interim force of the armed forces are entitled to payment of war service gratuity: (a) On the date of their acceptance for service in the permanent naval or military forces or the regular air force; (b) or, if not accepted for the forces named in (a) then they will be entitled to payment when they resume their civilian status.

2. The paying authorities of the services are organized to make payment at time the member of the interim force becomes entitled as outlined in answer to question No. 1, above.

SUCCESSION DUTIES

Mr. FRASER:

What has been collected by the federal government in succession duties during (a) the year 1945; (b) the first five months of 1946?

Mr. McCANN: Succession duty collections: (a) $21,876,664.37; (b) $7,510,342.80.

QUESTIONS PASSED AS ORDERS FOR RETURNS

SOLDIER SETTLEMENT BOARD—MUNICIPALITY OF ARTHUR, MANITOBA

Mr. ROSS (Souris):

1. What soldier settlement farms, if any, have been sold by the Soldier Settlement Board in the municipality of Arthur, province of Manitoba, since 1929—by section, township and range?

2. What price did the Soldier Settlement Board receive for such farms?

3. Have submissions been made to the Veterans Land Act Board to sell any of these farms to the board and if so, at what price?

MOBILIZATION ACT—MINISTERS OR CLERGYMEN

Mr. BLACKMORE:

1. How many religious denominations in Canada were recognized as entitled to exempt ministers or clergymen under the National Selective Service mobilization regulations? What are their names?

2. How many Canadian men were allowed the exemption as ministers or clergymen?

3. How many who applied for this exemption as ministers or clergymen were refused it?

4. How many men applied for exemption on the grounds of being students for the ministry?

5. How many such applications were (a) granted; (b) refused?

6. From how many religious denominations were allowed applicants drawn? What were they?

7. How many students for the ministry were allowed to each of the named denominations?

8. What was the number of college students classified as conscientious objectors (a) theology students; (b) non-theology students?

9. How many of these have returned to their former training or vocation?

10. How many of the college students classified as conscientious objectors are now making contributions to the Red Cross Society, and how many are not?

11. How many of the men not making contributions are required to report periodically to the alternative service officer?

12. What is the purpose of this reporting?

13. To what different denominations do the men belong who are now detained in alternative service work camps, and how many from each?

IMPORTS OF CORN

Mr. HATFIELD:

1. How many bushels of corn were imported into Canada for the years 1941, 42, 43, 44, 45, and 46 to date?

2. What amount of subsidy was paid each year on the corn imported?

3. What are the names of the importers?

4. For what purpose was the corn imported?

ALTERNATIVE SERVICE REGULATIONS

Mr. McMASTER:

1. How many persons are employed in administering the alternative service regulations of June 1, 1946?

2. How many of these are mainly employed in looking after conscientious objectors?

3. What was the gross expenditure for administering alternative service for the month of April, 1946 for (a) salaries; (b) office space; (c) other expenses?

4. How many alternative service camps are still in operation?

5. What was the cost during April, 1946, of maintaining these?

6. What financial returns did the government get during the same period from the operation of these camps?

7. If figures (for 6) not yet available, what was the gross profit or deficit from operation of all such camps in 1945?

8. How many unemployed are now registered with national selective service?

9. How many men are required in agriculture?

10. How many of the registered unemployed have been offered work in agriculture?

11. How many of these have refused to engage in agriculture?

12. How many registered unemployed are receiving unemployment insurance?

NATIONAL SELECTIVE SERVICE—EMPLOYMENT OFFICES

Mr. BLACKMORE:

1. How many men of military age were employed in the National Selective Service offices throughout Canada from September, 1942 to V-J day?

2. How many of these men are now permanent civil servants in the employ of the national employment service offices throughout Canada?

3. Have other non-veterans been appointed to the national employment service staff since the war ended? If so, how many?

4. What steps have been taken by the government to give veterans preference in appointments to the national employment service?

CHATHAM, N.B., AIRFIELD

Mr. BLACK (Cumberland):

1. What were the costs in connection with the airfield at Chatham, New Brunswick (a) land; (b) grading; (c) surfacing; (d) buildings; (e) equipment; (f) incidentals; (g) total?

2. Who were the contractors, stating tender prices?

3. Has the property and equipment or any portion been sold or offered for sale? If so, to whom and at what prices?

BANKING AND COMMERCE

Third and fourth reports of the standing committee on banking and commerce.—Mr. Cleaver.

PRINTING AND STATIONERY

ADVANCES TO KING'S PRINTER FOR PURCHASE OF MATERIALS

Hon. PAUL MARTIN (Secretary of State) moved that the house go into committee at the next sitting to consider the following resolution:

That it is expedient to amend the Public Printing and Stationery Act in relation to advances authorized to be made to the King's Printer for the purchase of materials to execute orders and requisitions and payment of wages, and to provide that the total amount of such outstanding advances shall at no time exceed the sum of two million dollars.

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

Motion agreed to.

HIGH COMMISSIONERSHIPS

INQUIRY AS TO CANADIAN REPRESENTATION ABROAD

On the orders of the day:

Mr. GORDON GRAYDON (Peel): Mr. Speaker, I desire to direct a question to the Prime Minister in his capacity as Secretary of State for External Affairs. Will he inform the house how long the post of Canadian high commissioner to the United Kingdom has been vacant, and whether there are similar vacancies existing in respect of our diplomatic representation in Australia, New Zealand and South Africa?

Right Hon. W. L. MACKENZIE KING (Prime Minister): Mr. Speaker, answering my hon. friend, who sent me notice of his question, I would say that the post of high commissioner in the United Kingdom has been filled since Mr. Massey's departure from the United Kingdom on May 23 by the acting high commissioner, Mr. Frederick Hudd. In Australia Mr. C. M. Croft, formerly head of the commercial intelligence service and now commercial counsellor, has been acting high commissioner since the return to Canada of the Hon. T. C. Davis. Mr. Alfred Rive has been appointed high commissioner to New Zealand in the place of Doctor W. A. Riddell, who has returned to Canada on retirement. In South Africa Mr. J. C. Macgillivray has been acting high commissioner since the retirement of Mr. C. J. Burchell, K.C.

Mr. GRAYDON: May I ask a supplementary question? In the case of the three posts which are temporarily being filled does the government expect to make permanent appointments in the near future?

Mr. MACKENZIE KING: The filling of these posts involves consideration of possible transfers in some of the posts which are already filled elsewhere. There has not recently been the opportunity which I wish to have in consultation with the Under Secretary of State for External Affairs and with my colleagues in the government to finally settle certain appointments. However, I expect it will not be very long before adjustments are made.

MOTOR VEHICLES

PASSENGER CARS—PRIORITIES TO PERSONS ENGAGED IN AGRICULTURE

On the orders of the day:

Mr. GORDON GRAYDON (Peel): I wish to ask the Minister of Reconstruction and Supply if in any case passenger car priorities are granted to persons in agricultural production.

[Mr. Martin.]

Right Hon. C. D. HOWE (Minister of Reconstruction and Supply): Mr. Speaker, that is a rather broad question. It depends entirely on whether ownership of the passenger car is essential to the earning of the livelihood of the person concerned. Certain people associated with agriculture do earn their livelihood through the use of passenger cars, and these get priority if they qualify as eligible consumers within the terms of motor vehicle control order as amended. Others do not, and consequently they do not get priority.

Mr. GRAYDON: Under the class A and class B priorities there does not seem to be anything which gives officials of the department such discretion as the minister now indicates. I have in mind a man who has been—

Mr. SPEAKER: Order.

Mr. GRAYDON: This is an important matter, and I ask the question only because it has broad general import.

Mr. SPEAKER: Order. I think the hon. member has been given sufficient latitude in connection with his question.

Mr. GRAYDON: I assume I am permitted at least to ask a supplementary question of the minister with respect to it. Will the minister take into consideration the situation he has referred to and determine whether it applies to a case such as I have attempted to lay before the house?

Mr. HOWE: I would call the attention of my hon. friend to Canadian war orders and regulations dated November 10, 1945, in which is it stated that an eligible consumer will be entitled to a priority certificate—

only if he establishes to the satisfaction of the motor vehicle rationing officer,

(a) his need for the new passenger car for the purpose of his profession, business, trade or calling.

Mr. GRAYDON: In this case the farmer who needed the vehicle was refused it.

Mr. SPEAKER: Order.

BUILDING MATERIALS

SHORTAGE IN SUPPLY OF WINDOW GLASS

On the orders of the day:

Mr. G. K. FRASER (Peterborough West): Mr. Speaker, on June 18 I asked a question of the Minister of Reconstruction and Supply in connection with window glass. At that time the minister said—*Hansard*, page 2590:

Canada does not manufacture that product, and for our supply we are entirely dependent upon imports.

Since that time I have received a letter from Industrial Glass Works, of St. Laurent, Quebec, stating that they are making substantial or large shipments of glass each day.

Mr. SPEAKER: Order. The hon. member is perfectly aware that if he wants any information he should put a question to the minister, but he should not give information to the house.

Mr. FRASER: I just wondered whether the minister had received a letter from this company informing him that they are manufacturing window glass.

Mr. SPEAKER: I would ask the hon. member to limit himself to putting his question.

SUPPLY OF NAILS FOR DOMESTIC USE

On the orders of the day:

Mr. G. J. TUSTIN (Prince Edward-Lennox): Mr. Speaker, I should like to address a question to the Minister of Reconstruction and Supply, of which I have not been able to give him notice because I have just received the communication. Has the nail situation in Canada improved at all? I am asked if it will be possible to get nails to manufacture crates and cases for the canning factories to take off the crops in my constituency. I should like to ask a second question: are any nails being exported from Canada?

Right Hon. C. D. HOWE (Minister of Reconstruction and Supply): Plants producing nails are or have been working to their full capacity for many months. I assume that the canneries of my hon. friend's riding have the same chance to obtain their share as any other canneries or any other users of nails. The answer to the second question is that the export of nails from this country is prohibited. I might point out, however, that all exports are crated, and nails are used for crates; the demand for nails for crates has reached amazing proportions. So I would not say that no nails are being exported, but they are not being exported in packages.

COMBINES INVESTIGATION ACT

MONOPOLISTIC TRADE RESTRICTIONS—COMBINATIONS IN RESTRAINT OF TRADE

The house resumed from Tuesday, July 2, consideration in committee of bill No. 193, to amend the Combines Investigation Act—Mr. St. Laurent—Mr. Golding in the chair.

On section 4—Transfer from D.T. & I.C. Act of provisions re certain complaints.

Mr. CHURCH: In reference to section 4, this matter of combines and restraints of trade came up a few years ago in connection with sections 498 and 498 (a) of the criminal code. There had been an indictment and some appeals before the authorities in Ontario in connection, I believe, with milk, electrical, contractors, agreements of manufacturers to sell exclusively, and also as to heat, light and power corporations, and a bill of indictment was laid before one of the assizes. Meetings had been held of various companies fixing prices and agreeing as to who should tender on certain contracts in connection with municipal work, and the question was raised as to the applicability of sections 498 and 498(a) of the code, which are referred to on page 233 of Snow's Criminal Code and the Dominion Trade and Industry Commission Act, 1935, to these particular combines. One of the cases went to the privy council, and it was held that these combines could not be regulated in this manner.

Combines in restraint of trade have been flourishing like a green bay tree under all governments since confederation. The sections of the code were found to be of doubtful effect. Why were they invalid and unworkable? Because they were made a football between the attorney general of Canada and the attorneys general of the provinces. I remember that in the 1926-27 session, on the Ottawa-Georgian Bay bill, on March 14, 1927, these particular matters were brought into issue regarding navigable streams, as to which rights were international and which interprovincial, and the jurisdiction of the dominion over boundary waterways schemes and interprovincial schemes. Unfortunately the bill was talked out at that particular session. These proceedings will be nothing but a farce, because you cannot by the widest stretch of imagination exercise any control over these international cartels. Security and social councils, so far as international regulation of combines goes, are a myth. I know, because I had some experience with the super-power trust for a good many years. It was contended by a former member for South York, Mr. Maclean, who was a very valuable member of this house and also a powerful newspaper man in Toronto, and I agreed with his contention, and submit it now to the right hon. gentleman who is leading the house, that it is the duty of the federal government to enforce its own law in relation to these combines that operate in restraint of trade. The reason for that is obvious; such combines come almost exclusively under the control of this parliament, since by section 91 trade and commerce are within its jurisdiction.

As regards the principle of referring these questions to the attorneys general of the provinces, I do not know how it got into the

act, but I contend that it has been fatal to the whole procedure. I have nothing but the greatest respect for Mr. McGregor, having had a good deal to do with him in the days when he was an officer of the Department of Labour. He is all right, but the whole of this law is all wrong. We do not exercise over combines the same effective control that the Sherman Act exercised years ago in the United States, because under that act the president and others who have to do with its enforcement can take real action; and they have not our complicated division of powers under the British North America Act.

I suggest that the greatest step forward in the regulation of trusts and combines in this country was taken by the government of Mr. Bennett when he appointed the price spreads committee in 1933-34, on the membership of which sat my hon. friend representing the constituency of Haldimand (Mr. Senn). That committee accomplished something that had never been done in the history of this parliament. It made a real investigation into the operation of combines in restraint of trade. It summoned all interested parties; all sides of the question were debated; witnesses were heard representing trade and commerce and restraint of trade, and the committee submitted a very valuable report. It astonished the working classes of Canada to learn what was going on in the country in this respect. The report of that committee was the key to the whole situation.

We know very well how divided the attorneys general of the provinces are in matters of this kind. This was fully recognized by the former member for South York, Mr. Maclean, back in 1924, 1925 and 1926, and I have always agreed with the view he expressed that the federal law in regard to trade and commerce, and jurisdiction over combines in restraint of trade, should all be under the control of the attorney general of Canada, who should initiate proceedings, instead of leaving it to the provinces themselves, who have no jurisdiction.

Sections 498 and 498A were in the code before we had a commission and before the department was given the power it now has under the Dominion Trade and Industry Commission Act of 1935, and these particular sections have been before the law courts of the country for consideration. The cases are set out at page 233 of Snow's Criminal Code. One of the cases even went to the privy council. If this parliament really wishes to do something about combines it should put the power to enforce the law where it belongs. These combines and restraints of trade are flourishing like a green bay tree. We all know what the American super-power trust has meant in connection with waterways in the United States. Private ownership had control of the whole thing and Ontario was finally redeemed from slavery by the government that came into office in the province in 1905. It gave the joy and boon of cheap light and power to people in the cities and in the suburban and rural parts, and domestic and commercial lighting in consequence costs nearly three times less than it did before. In my opinion, the government is not going about this problem in the right way. This is not the way to attack combines. These combines will go on as long as there is such a thing as trade and commerce, because you cannot stop restraints of trade by legislation in which clever lawyers can find loopholes whenever the need arises. I was president of the union of Canadian municipalities for some time and this whole question came up in the municipal association in Toronto. We had a full discussion of it then and I do not believe that under this bill we are going to make any progress at all in controlling combines because, as I say, lawyers can find a loophole in any act. A lawyer can go to the attorney general of the dominion and say: This is a purely provincial matter which should be referred to the attorney general of the province; and the result will be that the whole thing will become a political football. As I have already pointed out, the Sherman law in the United States has enabled those in authority to take effective action. The ratepayers of that country have been given the real picture.

See what has happened to the bank act. You can drive a coach and four through this act just as you can through the bank act. There is a section of the bank act that declares that banks shall not deal in real estate. Why then should it be necessary for a bank to have a thirty-five storey building to do work that could be done on four floors? Where have the attorneys general been so far as that is concerned? I suggest that the same thing is going to happen here under the Combines Investigation Act. I fail to see how combines are going to be regulated by this legislation unless the enforcement is by the attorney general of Canada.

But not being able to regulate combines in restraint of trade in our own country, they want to branch out now and regulate and control cartels in international affairs. They want to take in the seven seas. But the people are waking up and are finding that little or nothing can be done about it. I appreciate the fact that in Mr. McGregor we have a valuable officer, but Mr. McGregor cannot

do anything unless he is given proper enforcement machinery. Section 4, the bill states in the explanatory page, is substantially similar in form to section 20, chapter 59, of the statutes of 1935, the Dominion Trade and Industry Commission Act. Provisions of that act, which make its section 20 applicable to the combines investigation act and to sections 498 and 498A of the criminal code, are proposed to be repealed by subsection 1 of section 14 of this bill. In my opinion this will mean nothing so far as regulating combines is concerned. If we want to regulate combines effectively we must bring them within the jurisdiction of the criminal code, and to do that we must make the sections really effective. Before a bill can be laid before the assizes, section 4 must be invoked, and sections 498 and 498A of the code, and if you take the case to the law courts, after investigation by the Minister of Labour, you will find that you are wasting your time, because I doubt whether a bill of indictment would be laid before the grand jury. And if it were, it would no doubt be quashed later in the courts.

Mr. DIEFENBAKER: Last evening the minister made reference to certain changes which I suggested, and he indicated that if certain restrictive provisions "which the Right Hon. Mr. Meighen put in there in 1935—" and I add "were removed"—"I will agree to take out the provision restricting the laying of information to the attorneys general". I have quoted from the minister's statement at page 3073 of *Hansard*. I do not know of any record in support of the minister's statement. I hold in my hand the senate report of July 3, 1935, in which any recommendations for changes which were made in the bill as submitted to the senate committee were introduced, and concurrence was moved not by the Hon. Mr. Meighen but by the Right Hon. Mr. Graham, who presided over the committee. I mention that by way of clarification. Nowhere have I been able to find any suggestion, either in the banking or commerce committee to which the matter was submitted, or in the debates in the senate, which would bear out the statement that in fact it was Mr. Meighen who introduced the proviso that prosecution should not take place under section 498 of the criminal code and at the same time under the provisions of the Combines Investigation Act.

With regard to section 10A, when the commissioner is led to believe that there is a combine or a merger which contravenes the provisions of the act, does he proceed with the taking of evidence, either under oath or not under oath, or how does he determine the question upon which a prima facie conclusion is arrived at that a combine does in fact exist? I took the trouble to read over the evidence of the banking and commerce committee of 1937, and it was interesting to note that one of the recommendations made was that as soon as any information came to the chairman of the tariff board which indicated that there was a combine in any particular commodity, that information should be communicated to the commissioner under the Combines Investigation Act. Last evening I was surprised to learn that as to radio tubes and sets, although the tariff board found in 1939 and 1940 that Canadian consumers were being unduly exploited through the arrangements then in effect, no information of that kind was brought to the attention of the commissioner. This is a serious matter. The supply of small radios has been clearly restricted by the actions of a combine operating not only internationally but in Canada.

Last evening I asked the minister what he was going to do about it. What is he going to do about the findings of the commissioner on the electric lamp combine? What is he going to do about the findings of the commission as to radio tubes and sets? There is no doubt the findings are clear and definite that there is a combine and that the Canadian consumer is being exploited. What does he intend to do about matches and the other matters referred to in the report?

Under section 10A—and this is supposed to consolidate the section in the dominion trade and industry commission act and also in the criminal code—the commissioner may receive and investigate complaints and communicate them to the attorney general of the province or to the attorney general of Canada. Does that mean that he shall investigate them and communicate his findings, or is it merely permissive? So far as the crown is concerned I realize that "may" is mandatory. But is it not a fact that under these circumstances the word "may" makes no action mandatory on the part of the commissioner? I should appreciate it if the minister would explain generally the procedure. In the banking and commerce committee of 1937 one of the chief complaints was that, while there were preliminary investigations, little serious action was taken on the basis of the information secured by the commissioner. The time has come for a declaration by the minister as to the extent to which wrongdoing revealed in this report is to be proceeded against. I realize the difficulty with international cartels, but what about the cartels operating in

Canada through companies nationally incorporated in Canada and doing business in Canada? What is to be done about these?

Mr. ST. LAURENT: I am not in a position to predict what actions are to be taken by the ten officers under the act setting up this commission. I suggest that they are to carry out their duties prescribed by the act. Section 12 of the act says that whenever a formal complaint has been made by six persons the commissioner shall make an investigation. Whenever he is directed by the minister to do so he shall make an investigation. Whenever he has reason to believe that a combine exists or is being formed, he shall make an investigation. I believe the commissioner, about whom such laudatory things were said yesterday, realizes his responsibility and the duties incumbent upon him under his oath of office, and that he will carry out the provisions of the act.

The hon. member refers to the statement about radio sets and electric lamps in the cartel report which was tabled at the last session of parliament. This system of licences and agreements between patentees is one of the things which has proved to be a serious embarrassment in proceeding against these organizations. It is for that reason that an amendment is suggested in the bill to enable the commissioner, under such conditions, to go to the court and ask the court to make such order as may appear to be necessary to avoid the consequences of abuses of these exclusive privileges which result from patents or from the registration of trade marks. Section 10A is to make it part of the duty of the commissioner under the Combines Investigation Act to make investigations when complaints are laid, or when directions are given to him, or when he has reason to believe sections 498 and 498A of the code are being violated. The section is substantially in the form in which it appears in the Dominion Trade and Industry Commission Act; and the effect of this and the repealing section, which is further on in the bill, is to transfer the power, responsibility and duty now resting upon the trade and industry commission, with respect to these sections of the criminal code, to the commissioner under the Combines Investigation Act. That is the extent to which section 10A goes.

Section agreed to.

On section 5—Commissioner shall cause inquiry to be made.

Mr. CASE: This clause says:

> The commissioner shall, on application made under section eleven of this act, or whenever he has reason to believe that a combine exists or is being formed—

The question in my mind is, upon the application of whom? Does it result from an individual application or a petition, or what brings about the investigation?

Mr. ST. LAURENT: Section 11 provides that an application for an investigation may be made by any six persons, British subjects resident in Canada, of the full age of twenty-one years.

Mr. STIRLING: The basis of this act at least used to be that the combine was wrong when it was in restraint of trade. I take it that is still the basis?

Mr. ST. LAURENT: Yes.

Mr. STIRLING: Then I wonder if the minister would comment on this wording which is underlined in section 5, "or whenever he has reason to believe that a combine exists or is being formed." I do not see how the commissioner can peer into the future and make up his mind when a combine is being formed whether or not it will result in the restraint of trade.

Mr. ST. LAURENT: If the situation is such that he cannot have any definite opinion about it, then he will not have the duty cast upon him by this section of making an investigation. "Combine" is defined in the act, and I think it is easy to conceive that one might come to the conclusion that certain negotiations were such that their completion would bring about the formation of a combine unduly restrictive of trade. I think it is quite easy to conceive that facts might come to the knowledge of the commissioner which would clearly indicate that there were in progress negotiations the culmination of which would be the formation of a combine restrictive of trade; and under those conditions it would be his duty to cause an inquiry to be made with a view to determining whether or not his impression was founded upon sufficient facts to justify intervention.

Mr. STIRLING: I can quite understand that the commissioner might so proceed when the combine had been set up and had commenced operation, but I find it very hard to believe that he would have sufficient prophetic powers to enable him, before it is formed, to decide whether or not it will be in restraint of trade. Would the minister go so far as to say that a combine can ever be a good thing?

Mr. ST. LAURENT: Not a combine as defined in the act, because there it is one which does unduly restrict trade or affect prices; so that kind of combine cannot be a

good thing. It must be one coming under the definition, part of which requires that it must have obnoxious tendencies.

Mr. DIEFENBAKER: It is not "unduly" under this act, but under the code.

Mr. ST. LAURENT: But here it must be something which is against the public interest, so its obnoxious character is one of the things required to bring it within the definition; and if it comes within the definition it constitutes an offence and cannot be good.

Mr. KNOWLES: I understand one of the reasons for adding the new words giving the commissioner the right to initiate an investigation on his own motion is that it was found that the provision that six people might make application was not worth a great deal. I am glad to see this addition giving the commissioner authority to initiate an investigation. I wonder if at the same time thought was given to reducing the number of people required under the other section, which we are not to have an opportunity to discuss, from six to perhaps four, or even two, so that we could make sure that any possible combine as defined by the act is investigated.

Mr. ST. LAURENT: Consideration was given to that point, and it was felt that whether the number be four, or six, or even two, when it requires to be in the form of a formal application for an investigation supported by a statutory declaration having the effect of an oath, it was not the thing that ordinarily would be done. What ordinarily occurs is that someone writes in and calls the attention of the commissioner to a situation which he considers fraught with danger to the public. The commissioner does get quite a number of frivolous communications. He uses his best judgment to sort out the wheat from the chaff, and whenever it appears to him there are anything like serious grounds for proceeding, he will do so if this section is passed as amended. Previously he had to have a formal application by six persons supported by their statutory declaration, or he had to have a direction from the minister. That required the minister to go into it and come to the conclusion that it was necessary to have an investigation made. My experience in the office of minister would lead me to believe that this would be something that would retard proceedings. The minister was required to go into it himself; and as the act read previously he had to go into it and not only take the vicarious responsibility for this being done in his department, but take the personal responsibility of asserting that he had given it sufficient study to come to a conclusion based upon his own research.

In these cases I think it is desirable to have a head officer in the commission who will do that on his own responsibility. Of course the minister will still retain his responsibility to parliament for the conduct of the official, but he will not have to make a personal investigation to put him in the position where he could go into court and say, "I have gone into this and have ascertained facts which justified me in giving that direction." If it is not to be done in that way it becomes just a hollow formality. If the minister is not to do it himself, I think it is preferable to have the statute indicate who is to do it and who will have to give sufficient consideration to the facts to form a reasoned, considered conclusion upon them.

Mr. KNOWLES: I take it that the provisions laid down in section 11 will scarcely be used from now on. It is likely that most of these investigations will be made on the initiative of the commissioner in the light of information conveyed to him.

Mr. ST. LAURENT: That is what has happened during the last twenty-three years the statute has been in operation, and I expect it will continue to be the way in which, in practice, it will operate.

Mr. KNOWLES: The only reason for keeping section 11 is to provide a last resort, if both the commissioner and the minister fail to do their duty.

Mr. ST. LAURENT: If the commissioner and the minister both take the view that it is not worth while to make certain investigations, and there are six British citizens who feel strongly otherwise, they can force the hand of the commission.

Section agreed to.

On section 6—Certificate for exercise of compulsion to witnesses.

Mr. DIEFENBAKER: I note the words—

> The commissioner shall not exercise power to penalize any person . . . whether for contempt or otherwise, unless and until . . . a judge of the exchequer court of Canada or of a superior or county court has certified . . .

Why is this made so wide? Would it not be sufficient if it covered the exchequer court or the superior court, thus ensuring uniformity of procedure and application? The one condition which would be required in connection with a provision of this kind would be a degree of uniformity across the country. It was found necessary to appeal many of the decisions made from wartime prices and trade board regulations, because in one province a judge would look at the matter in one

way and in another province a judge would view it in another way. If the matter were left to the superior court, or particularly to the exchequer court, there would be uniformity and no possibility of discrimination.

Mr. ST. LAURENT: In only one case in twenty-three years has there been any attempt to penalize a witness for refusal to answer. It was recognized that all other investigating commissioners have, by statute, the right to do what is sought here. In this instance it was felt that it would be better if before doing anything of the kind the commissioner, or one exercising his powers, were to realize that he had to go before a judge and justify what he intended to do.

In the provinces the superior court judges are to be found usually only in the capital cities. It is not a matter of very great importance whether that jurisdiction is or is not given to county court judges. I should expect however that it would be exercised with as much care by district or county court judges as by superior court judges. As a matter of fact I should not expect that a commissioner would be apt to appear before a judge with an application which would not commend itself to anyone before whom it was brought. The action of the commissioner, or one exercising his power, would be a considered action, subject to publicity. I do not believe any inconvenience will result from the fact that the county court judges would have jurisdiction in this connection. I believe its value is in preventing the making of a hasty decision. The commissioner has to consider his proposed action, and must make an application in connection with it. This is something which will receive publicity. In my view with those safeguards it will be properly administered.

Section agreed to.

On section 7—Use of documentary evidence in criminal proceedings.

Mr. HAZEN: Why have the last words in the act been dropped?

Mr. ST. LAURENT: They are dropped because after documents are examined and made part of the evidence submitted they can never be used in any other proceedings. That is something which would give the sort of immunity which does not flow from any provision in any other statute. Here there may be various other kinds of cases in which one would require to use the same documents as part of the evidence. These words would give to any document used in a prosecution under sections 498 and 498A, or under the Combines Investigation Act, an immunity with respect to proceedings in any other criminal court. It would seem to me that that is a dangerous principle.

Mr. HAZEN: I am not clear about the section as it now reads. It says:

> No person shall be excused from attending and giving evidence and producing books, papers or records, in obedience to the order of the commissioner, on the ground that the oral evidence or documents required of him may tend to criminate him or subject him to any proceeding or penalty, but no such oral evidence so required shall be used or receivable against such person in any criminal proceedings thereafter instituted against him,—

And so on. I direct the minister's attention to the words: "or documents required of him . . . but no such oral evidence so required shall be used or receivable against such person". It does not say, "oral evidence or documents so required shall be used or receivable against such person". I find only the words "oral evidence". Then it proceeds to say:

> Nor shall any such documents be used or receivable in any criminal proceedings.

These are criminal proceedings against the witness, or person who has been called. But if one goes back to the words in the sixth line, he finds "but no such oral evidence so required shall be used or receivable against such person." Why should the oral evidence not be received, and yet the documents be received against him? Should it not read, "oral evidence or documents?"

Mr. ST. LAURENT: No. When the documents are secured they can be used as evidence. But if a person is interrogated, and is not permitted to decline to answer, it would not be proper to use against him the answers he has been obliged to give, and which might tend to incriminate him. The words we wish to strike out would prevent even the defence from using these documents. It would make them documents which could not be used in any criminal proceedings, except those under section 498 or under the Combines Investigation Act.

I think it may have been well intended when inserted in 1935, but the language used goes beyond what was originally intended, because, as provided there, it would even deprive the owner of the documents of the right to use them in his own defence. I do not think that would be a proper provision to maintain in the statute.

Mr. HAZEN: As I read it, the evidence he gives cannot be used against him in criminal proceedings, but the documents can be used against him in criminal proceedings. Is that what the intention is?

Mr. ST. LAURENT: Yes. These documents can be used against him when obtained in that way or obtained on a search warrant. They are material things which can be looked at. As I understand it, the provision which confers protection on one who is compelled to answer was not put there for his sake, but was put there so that he would be in a position to testify freely and truthfully. That does not exist with respect to the documents. They are material things. They do not need to be protected so as not to change the story they tell.

Mr. HAZEN: The Canada Evidence Act refers only to the evidence. It makes no reference to documents.

Mr. MacINNIS: A nice point of law has been raised by the lawyers; but how can you proceed against the combine if the documents cannot be used?

Mr. ST. LAURENT: My own experience in the only prosecution I conducted under the Combines Investigation Act was that we made our case out of documents and correspondence.

Mr. DIEFENBAKER: I must commend the minister for the statement he made a moment ago in answer to the member for St. John-Albert when he said that it would not be proper to use the evidence of persons brought before a commission to incriminate them in criminal proceedings. That is a proper point of view, and it is one which we on this side of the house took in connection with the espionage commission. My right hon. friend's declaration of a moment ago was entirely in keeping with the best traditions of British jurisprudence, and it was made without equivocation or addition—namely, that when a person is compelled to give evidence by any investigating body the evidence so given shall not be used against him. As a matter of fact there is one statute in which that right still exists—I refer to the Excise Act. Under the Excise Act a commissioner or inspector of the mounted police may, if he believes there has been any infraction of the Excise Act, order a person by subpoena to appear before him and to answer such questions as are put to him. In one such case I was not on the prosecution but on the defence, and the person being examined refused to answer unless protection was given to him. He was subsequently prosecuted for that failure but was acquitted. As I understand this section, it frees the defence from the penalty section which provides that once there is an examination on the basis of the documents that have been produced before a commission, the use of those documents is denied in the courts even for the defence. The section removes an anomaly, and I think it is a very proper provision.

Mr. McMASTER: I cannot see why the evidence could not be used under further proceedings under this act.

Mr. ST. LAURENT: I think the hon. member's construction is correct. We feel that it is improper in this law to blank out a certain number of documents and say that they can never be used in any criminal proceedings by anybody. I think that is a wrong principle to have in this act, we are therefore asking that it be taken out.

Section agreed to.

Section 8 agreed to.

On section 9—Powers of exchequer court in cases of use of patents or trade marks to limit production unduly or to restrain or injure trade.

Mr. RICHARD (Ottawa East): Has the Minister of Justice had an opportunity to consult the Secretary of State as to the effect of this section in relation to section 65 of the Patent Act, which provides:

> The attorney general of Canada or any person interested may at any time after the expiration of three years from the date of the grant of a patent apply to the commissioner alleging in the case of that patent that there has been an abuse of the exclusive rights thereunder and asking for relief under this act.

Then follows a list of what constitutes an abuse. As I see it, many of the provisos in section 9 (30) of the bill now before us are similar to the abuses named in section 65 of the Patent Act. The commissioner has power under the Patent Act to revoke a patent, which is similar to the provision contained in this section. Is there not duplication? Is there any reason why this legislation should be repeated in another act?

Mr. ST. LAURENT: The reason for asking that this section be enacted is that those who have patents do give licences in which they may insert conditions which may make possible the operation of a monopoly or combine, and an order that another licence be granted would not remedy the situation. The present provision, section 65 of the Patent Act, makes the only other alternative the cancellation of the patent. But in the bill before us it is suggested that the court be given the right to make such order respecting the use of the patent as may be required to prevent its being made a factor in the establishment and operation of a combine.

Mr. RICHARD (Ottawa East): Section 66 of the Patent Act empowers the commissioner to grant a licence if there is an abuse, just as in this case.

Mr. ST. LAURENT: Yes, but it is felt that the granting of another licence to one more would not be a remedy. The remedy that is necessary is to prevent the owner of the patent from putting conditions in his licence which enable him to exercise control over the disposal of the patented article.

Mr. KNOWLES: During the latter part of the war information came out that Bayer's aspirin was making a good deal of money which through devious routes was going to an enemy country, to Farbenindustrie, I think it was. Certain steps were taken in the light of that information which resulted in the company's profits in this country being entrusted to the custodian of enemy property. Since this section deals with patents and trademarks will the minister tell us how that matter now stands, and what could be done under this new section about a situation of the kind I have described?

Mr. ST. LAURENT: I am not in a position to inform the hon. member how that matter stands. My information is that it is not a patent which is involved there, but rather the registration of the word "aspirin" as a trade mark, and that this registration prevents anyone else from selling the same thing under the name of aspirin. It is acetylsalicylic acid; and aspirin now appears in fact to have become more than a trade mark. A trade mark is used to designate a certain thing made by a certain producer; but aspirin has in fact become a household word, and much better known than acetylsalicylic acid. There is a matter there which is under consideration. Even in the United States the word "aspirin" can be used by others than Bayer. In England the same situation exists. And that is the matter which is under consideration, and which, because of the form of our Trade Marks Act, which gives a perpetual right in a registered trade mark as long as it remains registered, creates a difficulty.

Mr. KNOWLES: When I was in London a few months ago I went into a chemist's shop in London and asked for aspirin. The chemist produced a good-sized bottle for about ninepence. I could hardly realize that it was aspirin. I concluded that it was, but that I had been misled by my experience in this country, where, because of this practice, it has a virtual monopoly. Added to that were the huge profits which created such a scandal during the war. This is a matter which calls for attention.

Mr. ST. LAURENT: There is no monopoly of the product. There are many concerns manufacturing the product, but some of us do not know enough to realize that if we do not get it under the name of Bayer's aspirin it is just as good as if we did. They have under our Trade Marks Act an exclusive right to use the word aspirin, but there is nothing to prevent other pharmaceutical manufacturers from putting out the same article, exactly the same thing, at less than one-third of the price for which aspirin sells. But the radio programmes and other forms of advertising convince the public that if they want to get rid of a headache they have got to have the article which is sold legally under the name "aspirin."

Mr. KNOWLES: It is all wrong.

Mr. JAENICKE: I should like to ask the minister about the proviso of this section which stipulates that—

> no order shall be made . . . which is at variance with any treaty, convention, arrangement or engagement . . . with any other country . . .

What treaties or conventions have we with other countries, and what countries; and, briefly, what are the provisions of those treaties?

Mr. ST. LAURENT: There is an international convention for the protection of industrial property, to which Canada is a party, and which of course must be respected in any order which might be made under this section 30.

Mr. JAENICKE: Is that available to members of parliament, and do we know what other countries adhere to this treaty?

Mr. ST. LAURENT: I have in my hand a copy of the convention issued by the government of the United Kingdom, printed by His Majesty's stationery office, international treaty series No. 16 of 1928, which when issued sold for ninepence at any office of His Majesty's stationer; and the copy shows that it was entered into by Germany, the Austrian republic, Belgium, the United States of Brazil, republic of Cuba, Denmark, the Dominican republic, Spain, the republic of Esthonia, the United States, the republic of Finland, the French republic, the United Kingdom, the Dominion of Canada, the commonwealth of Australia, the Irish Free State, Hungary, Italy, Japan, Morocco, Norway, the Netherlands, Poland, the free city of Danzig, Portugal, Serbia, Sweden, the Swiss confederation, the Czechoslovakian republic, Tunisia, and Turkey.

Mr. JAENICKE: What happens to the rights of Germany, Japan, Italy and the free city of Danzig as protected under this treaty?

Mr. ST. LAURENT: Under our regulations concerning trading with the enemy, all property belonging to subjects of enemy countries

became vested in the custodian of enemy property and are still vested in him. Such rights as subjects of enemy countries may have had are now vested in the Canadian custodian of enemy property in respect of Canada.

Mr. CHURCH: I think the minister has stated the intention of the proposed statute. The statute is simply exploratory. It gives wider powers to the commissioner than he had before, to summon witnesses, to compel their attendance, and to make a more thorough examination than is possible under the act to-day. So far so good. No doubt it gives him wider powers to go into these matters, to call witnesses, to require the production of books, and to make what may be called a thorough examination of the whole case regarding combinations in restraint of trade. But I want to point out one defect. The commissioner has no further powers. He can go before a judge of the exchequer court or a superior court or county court judge or other judge and ask him to give him authority to lay an information. Then the judge may render a bill of indictment. I want to point out that under sections 498 and 498 (A) at present the commissioner—

Mr. ST. LAURENT: Mr. Chairman, I think the attention of the hon. member should be called to the fact that these sections have been adopted.

Mr. CHURCH: I am dealing with the sections—

The ACTING CHAIRMAN (Mr. Golding): The sections which the hon. member is referring to have been adopted.

Mr. CHURCH: Under the next section all the commissioner can do is to make a report. On page 233 of the fourth edition of Snow's Criminal Code, about twenty cases are listed under the sections in respect of which the commissioner makes his report, and in nearly all of them the convictions were upset on appeal. The enforcement of every section and of federate law in general is under the attorney general of the province. It is true that not only this act but all federal statutes are enforced by the provincial attorney general, the attorney general of Canada being relieved of all that responsibility, and the enforcement of all these federal laws costs the provinces a lot of money. With the complicated situation that exists, therefore, I doubt whether by this bill we shall be able to control combines in restraint of trade, or cartels.

Mr. DIEFENBAKER: This is apparently an additional power under the head of remedies, and while speaking of remedies and the necessity for the commissioner to have wide powers, I would read section 29 as it now stands. It is stated that whenever, as a result of an investigation under the provisions of the act, or as a result of a judgment, and so on—

—it appears to the satisfaction of the governor in council that with regard to any article of commerce, there exists any combine to promote unduly the advantage of manufacturers or dealers at the expense of the public, and if it appears to the governor in council that such disadvantage to the public is facilitated by the duties of custom imposed on the article, . . . the governor in council may direct either that such article be admitted into Canada free of duty, or that the duty thereon be reduced to such amount or rate as will, in the opinion of the governor in council, give the public the benefit of reasonable competition.

There is a section that gives unusual powers, and once more with reference to the small radio, and also to other matters which I have mentioned, one of the reasons advanced by the department why we cannot get these radios is, first, that there is a combine, and, second, that if a Canadian goes to the United States to buy one he is faced with a tariff, and so on. In view of the fact that there was a definite finding by the commissioner that the Canadian consumer is being detrimentally affected, the question I wish to ask before referring to section 30 is this: To what extent was that stringent power resting in the governor in council ever utilized? To what extent did the commissioner at any time ask that it be utilized in order to cover the situations particularly set out in the report of the commission? Because, if that section were used, the difficulties set forth in the report with respect to electric lamps, radio tubes and sets would be obviated if not altogether done away with.

Mr. ST. LAURENT: The hon. member has read the section and then paraphrased it.

Mr. DIEFENBAKER: Oh, no.

Mr. ST. LAURENT: The section applies when as the result of an investigation by the commissioner or a judgment of the supreme court or the exchequer court of Canada, or any superior court or circuit, district or county court in Canada, it appears that such and such exists. There have been no such cases. This investigation by the tariff board is not an investigation by the supreme court of Canada or by the exchequer court or by the commissioner under the Combines Investigation Act. It is not a case where this section would apply. The section is one which will be of considerable value whenever, after the restoration to the commissioner of the powers he enjoyed before 1935, he proceeds to make these investigations and makes these reports.

This report that was tabled is not the kind of investigation to which section 29 applies, and the matter of tariffs is one which, as hon. members will have noticed from the speech of the Minister of Finance stating his budget proposals, it is felt should not be dealt with piecemeal or in any small way.

In the forthcoming international conference on trade policies the tariff and cartel matters are down for consideration. I hope there will come out of that conference measures for the freeing of trade which will be of genuine assistance to the peace-loving nations and which will remove some of the causes that create the isolationism that eventually leads to war.

I do not think this section should be interfered with. It will be of value to have it there, and occasions will probably arise on which it can effectively be used. In connection with these patented things, it is not the tariff that is the obstacle to freedom of trade; it is this interlacing and these licensing agreements which are used in an ingenious fashion. For instance, the registration of a trade mark is used to limit the zones in which certain traders can operate. The same trade mark being registered in the name of different owners in different countries and being applied to something in which there enters a patented part or patented material, makes it impossible for the licensees to invade the territory of another because they would be infringing the trademark of the other owner. These are matters which are somewhat like the devices that have had to be run down in the application of taxing statutes. The income tax statute has become complicated because of the large number of plugs which it has been found necessary to introduce from time to time to prevent leakages which ingenious persons had contrived to bring about in a manner that was not illegal.

These things have to be studied in that light, and I think the dispositions manifested by several of the western allies do give some promise that this kind of conference will bring about results that should remove some of the fetters that now embarrass trade and frequently enable inordinate profits to be realized.

Mr. DIEFENBAKER: I am not going to labour this matter of radio tubes and sets, but I do not seem to get an answer as to what is to be done. The minister said that the tariff had nothing to do with it. Let me point out that in 1939 the tariff board reported, as set forth in the McGregor commission report:

The board strongly suggests that the selling margin granted jobbers and dealers should be drastically reduced. The average mark-up on the manufacturers' selling price of 113·11 per centum is ridiculous and such a method of meeting the competition of imported, unlicensed tubes is obviously made at the expense of the consumer.

In other words, in 1939 the tariff board found, first, that the public was being exploited, and second, those who manufactured radios in Canada raised the mark-up price 113 per cent above the manufacturers' price, so that the price would be high enough to cover the protection granted in this country. It is difficult for me to understand why a body charged with the responsibility of preventing and punishing combines in Canada did not have the ear to the tariff board or was not aware of the fact. The commissioner says he never heard of it until 1945, although the Canadian public were being exploited in this particular instance by agreements in restraint of trade. I accept the explanation, but it seems difficult to understand that there should be such an isolation or insulation of different departments of government that the department charged with preventing and punishing this sort of thing is not made aware of the reports of another department of government which finds that the Canadian consumer is being exploited. Surely if there ever was a case which could have been proceeded with it is this one. There is the evidence; there is the finding not only of this commission but of the tariff board in 1939. While we sit the Canadian consumer is still being exploited to the extent of 113 per cent of a write-up. Apparently I cannot get an answer from the government that they will act in this case which affects hundreds of thousands of radio listeners in Canada. It covers tubes; it covers radios. We have the definite finding that the whole thing is wrong and an exploitation, but it is impossible to get an answer that this sort of thing is to stop and the offenders to be proceeded against. We did not need the present powers to go after these people. The power was contained in the original act, and as it stands to-day.

Under the criminal code, before a conviction can be had, it is necessary to establish that what is being done by a trust or combine is unduly to limit the facilities for transporting, producing, manufacturing and supplying; unduly to prevent, limit or lessen the manufacture or production of any article, or unduly to prevent or lessen competition in the production, manufacture, and so on. In other words not only must it have that effect, but it must be done so flagrantly as to come

within the ambit of the descriptive word "unduly". Under the Combines Investigation Act it is not necessary to establish that what is being done is being unduly done. A combine, as definied in section 2, means a combination having or designed to have the effect of limiting facilities for transporting, and so on. In other words, under the Combines Investigation Act all you have to prove is that certain results follow. Under the criminal code you have to establish not only that these results follow the unlawful act but that what is being done is being done with the intent unduly to limit transportation, competition, and so on. That being so, I ask the minister why in section 30, the amendment now being brought in, has the word "unduly" been incorporated, thereby widening the ambit and the necessity for proof, imposing an additional onus upon the commissioner beyond that which is now provided for in the act. I do not know whether I make myself clear, but in the act as it is constituted at the present time there is no necessity of establishing a state of mind, as would apparently be necessary if one were to set out to establish that what had been done had been done unduly. In the new section provision is made for the necessity of establishing that ingredient. I should like to know the reason for the change.

Mr. ST. LAURENT: I wish to congratulate the hon. member for Lake Centre on his strategy in making a political speech and then winding up by asking a question so that the answer will be to the question and the political speech left unchallenged.

Mr. DIEFENBAKER: No.

Mr. ST. LAURENT: There are none so deaf as those who will not hear. The hon. member has repeatedly asserted that it has been impossible for him to get any answer as to what is to be done about these abuses that are reported upon in the cartel report. If the hon. member were only half as eager to assist in making remedial legislation as he is to attempt to show that the government has been remiss in its duty, we should get along very much better.

With respect to his question, the criminal code provides that in order for conduct to constitute an offence it must be undue conduct. A long line of cases decide what is required under these provisions. The Combines Investigation Act provides that in order for an organization to be a combine it must be something which has operated or is likely to operate to the detriment of or against the interest of the public, whether consumers, producers or others. We have endeavoured to retain the language which has been the basis of decisions which have helped to establish what the law means to the public generally.

In this debate one hon. member—I forget which one—said that what was necessary was educational work to bring it home to those who organize and operate and exploit these monopolies and cartels what the state of the law is. Well, it may be an expensive way to educate them, but the best way to educate them is bring them before the court and have the court tell them that such and such are things which they cannot do, and if they do them they will be fined or go to gaol. That is the effective educational process which has been going on, and will have to go on in order to bring about that freedom of trade which we are all concerned to see realized. I do not think it is helpful toward that goal to—

Mr. DIEFENBAKER: Bring out the facts.

Mr. ST. LAURENT: —cast blame here or there. Does the hon. member imagine that if it were not the intention of the government to take measures and to have measures taken to bring about the eradication of these abuses, it would have tabled this report? This report was requested for the purpose of ascertaining what the situation was. It was tabled for the purpose of permitting parliament and the public to realize that there were abuses which required intervention. We now come before this house asking it to give the commissioner the kind of legislation he feels he requires in order to be able to remedy these abuses; and the hon. member says, "I cannot get any answer from the government as to whether or not anything is going to be done about it."

Mr. DIEFENBAKER: Let me answer that. My right hon. friend says the best way to educate certain people who are wrongdoers is to bring them before the courts. I agree. There has not been very much education of wrongdoers under the combines act since 1935. There have been four major prosecutions. In two the verdicts were "guilty"; in one the verdict was "not guilty", and in the fourth there was a verdict of "guilty" in 1941. A combine was found to exist; the verdict was reversed on a technical objection on appeal; and last evening my right hon. friend said the reason the case was not retried was that the wartime prices and trade board kept prices down now, so that these people would not be able to continue to do wrong. This is the first time in history that in a criminal prosecution anyone getting a new trial has been able to say, "Well, now, I will never do it again.

I cannot do it any more, anyway," and they are not proceeded against. My right hon. friend becomes very indignant. He says, "Do you think anyone would believe that unless the government intended to act it would have brought down the report?" In 1939, the government knew what was going on in regard to radios and radio parts; yet they have not acted. The tariff board pointed out the exploitation and the wrongdoing, but the persons in charge of prosecuting these wrongdoers who took advantage of the public; the persons in charge of the education campaign to which my right hon. friend refers, never heard anything about it because one department of government was so isolated from the other that it did not pass on the information.

I am not going to ask about the matter any more because, when I ask, my right hon. friend says it is political. I am not going to ascribe the failure to prosecute to political considerations, though there are many in this country who believe there is justification for such a viewpoint. My right hon. friend was the first to mention "political." If I or anyone else in this house were inclined to be suspicious, political considerations could be discussed at considerable length at this time. However, in spite of the findings of the tariff board in 1939; in spite of the findings of a royal commission in 1945, we have as yet no suggestion that anything is to be done about the matter. I leave it there.

Mr. FULTON: As I understand it, the measure provides that the exchequer court, on information exhibited by the Attorney General of Canada, may require individuals or concerns who have been found to be carrying on a cartel, to cease doing so, or to take such other action as will render the fact that they are a cartel harmless to the Canadian people. Is that the effect of the section? If that is not correct I would appreciate an explanation by the minister.

Mr. ST. LAURENT: I should like to explain that this is not intended to say to combines that they shall not continue to operate. If the hon. member will refer to the definition of "combines" in the Combines Investigation Act he will find at the end of subsection 4 the words:

> Provided that this subsection shall not be construed or applied so as to limit or impair any right or interest derived under the Patents Act, 1935, or under any other statute of Canada.

Rightly or wrongly it might be argued that those who were carrying out the terms of licences they obtained from patentees did not come within the definition of a merger or monopoly as defined in the act; and this section is

to enable the attorney general to go to the court and show that use is being made of a patent or trade mark as an aid to get into a monopolistic situation in order to take from the public more than the public should have to contribute, and to ask the court to order such modifications in the licence or agreement under which the patented right is being used as will make it possible to avoid those consequences. That is the purpose. It was felt that when all you could prove was that a certain number were conforming with the terms of licences, you would have to go a good deal farther to establish that there was a combine. But if those terms produced, as they did in the cases referred to in this report which was tabled last session, results harmful to the public, the attorney general could ask the court to relieve the licensees from such conditions, or to make such other order as might allow the patented right to be used but not in this obnoxious fashion.

Mr. FULTON: It is not contemplated that it would be necessary to use this section against any organization or body coming within the definition of a "combine" under the Combines Investigation Act. Is that correct?

Mr. ST. LAURENT: No. They can be proceeded against, but it is quite probable that this will be frequently invoked, because it will be much easier to make out a case after we have had them relieved from the restrictive terms of licences. If a certain number of traders being prosecuted as a combine were to say, "Well, there is no agreement at all between us. Each of us is living up to the conditions that have been imposed upon him in his patent licence," that might be raised as a defence. But if we commence by having those conditions removed, and after they are removed the traders still act in a manner which indicates joint action to maintain prices, it will be much easier to obtain a conviction against them.

Mr. McMASTER: I do not like the last four lines of this amended section, which say:

> . . . no order shall be made under this section which is at variance with any treaty, convention . . .

And so forth. I know that no contract between private individuals can be binding that has in view an illegal act. Unless the minister knows there are certain clauses in this convention which could be invoked, I would suggest that these words be left out. If at any time it is found that a decision offends against this convention the matter could be brought before this parliament. If this convention does protect anybody, and it is wrong, I suggest that it is not a good convention and should be changed.

Mr. ST. LAURENT: There is in the international convention an article, namely article 5, which declares that importation by the patentee into the country where a patent has been granted of articles manufactured in any of the countries of the union shall not entail revocation of the patent. There are in that article conditions with which the licensee under the patent must comply. Whether or not we have this proviso in the statute, no court would wish to make an order contrary to an international undertaking made by Canada. This is just a warning to the courts that there are such international agreements and that no order must be made in terms such as to violate the international agreement. That international agreement is reciprocal. Those who patent inventions in each country get the protection of the international agreement in the other countries, and vice versa.

Mr. McMASTER: I appreciate what the minister has said, but I point out that if people who form cartels take refuge under this convention, then it is time the law officers of the crown examined the convention to see where that can be stopped. There is no use in our passing legislation if it is to be ineffective because of this convention.

Mr. ST. LAURENT: I do not think any of these abuses could be protected under an international convention. But an order might be made with respect to a patent which would be so broad in its terms as to violate some of the provisions of the international agreement. All we want to guard against is that, in making orders, they be not made in such broad terms as to violate international agreements. I am convinced that they can be made sufficiently specific to prevent abuses, without restricting the legitimate rights which flow from international agreements.

Mr. McMASTER: In answering my question the minister has said that he does not want judges to make orders which would offend against any treaty, and then he proceeds to point out that they would not do so in any event. I suggest that if the treaty were brought to their attention they would be bound by it.

If this clause were left off and a decision given adverse to the treaty, the matter would come before parliament, and we would know about it. Many of these decisions from the courts do not reach the ears of the general public. The matter would be brought before parliament which would deal with the effect of the decision. As I said before, we do not want the effect of this act to be abrogated through some judge's decision as to what the convention means.

Mr. ST. LAURENT: A certain end can be obtained by an order in general terms, and that order in general terms might violate the terms of the convention. The same effect can probably be achieved by making a specific order and by forbidding the doing of specific things. We wanted to guard against the former, and to answer the criticism by lawyers that we cannot have this kind of section because it might offend against international treaties. We are convinced that we can have it, and that orders can be framed which will be effective and which will not offend against the international treaty.

Mr. FLEMING: I should like to ask the Minister of Justice or the Secretary of State, who is now in his seat, if the government has in contemplation any revision of the Patent Act. It may be that such revision is necessary, in the light of a good deal of this discussion both this afternoon and last night. Will the minister give us some indication as to whether the government has such revision of the patent law of the country in contemplation?

Mr. MARTIN: I cannot say whether there will be any revision of the Patent Act, in so far as this particular matter is concerned. At the present time, however, consideration is being given to administration by the patent division, but in no way which would involve the matter now under discussion. What is being done will have to do with rendering more efficient the administration by the patent office.

Mr. FLEMING: I take it that that is a matter of administration within the department. Is it the view of the government that no amendment or revision of the substantive patent law of the country is necessary, even in the light of the information brought before the committee?

The ACTING CHAIRMAN (Mr. Golding): Order; we must discuss the section before the committee.

Mr. FLEMING: What I have said is most relevant to the discussion, because section 9 in the bill has to do with trade mark and patent rights.

Mr. MARTIN: I do not agree that any discussion of patent administration would be in order at the present time. However, I did reply by stating that consideration was being given to more efficient administration of the Patent Act. The consideration being given to the act itself would in no way affect the matter now under consideration.

Mr. KNOWLES: I would refer to the use of the word "unduly" in the first paragraph of the section. It seems to me that the committee should consider the removal of that word from paragraphs (a), (c) and (d). With the inclusion of those words it seems to me the usefulness of those paragraphs is considerably reduced. I am not convinced by the minister's argument when he refers to the fact that these words appear in the criminal code. It seems to me that there is a difference between offences of this kind, punishment for which is the cancellation of certain licences or patents, and offences under the criminal code which involve the payment of large fines or gaol sentences.

Perhaps the matter might be brought to a head simply by offering an amendment, one which I had expected the hon. member for Lake Centre would have offered. Since he did not, I now move, seconded by the hon. member for Kindersley (Mr. Jaenicke):

That the word "unduly" be struck out of paragraphs (a) (c) and (d) of section 30 of the Combines Investigation Act, as provided by section 9 of bill 193.

Mr. ST. LAURENT: I submit that the hon. member's motion cannot be accepted. All patents and trade marks do limit the actions of others. They do give exclusive rights which cannot be exercised except by agreement with the owner of a patent or the registered owner of a trade mark. It is only when they go beyond what is reasonable that interference can be sought.

The whole purpose of a patent and of the registration of a trade mark is to give an exclusive right to a patentee or an owner of a trade mark. He may be required to license others, under reasonable conditions. But by virtue of the Patent Act he has monopolistic privileges; and it is only when he abuses those privileges that we can ask the courts to interfere. If he is making use of his patent merely to prevent some other person from producing his patented article and is not doing it in an unreasonable fashion, he is simply doing what the patent is designed to give him the right to do.

Mr. DIEFENBAKER: Why does the word "unduly" not appear in paragraph (b), where these words are used:

(b) to restrain or injure trade or commerce in relation to any such article or commodity.

Mr. ST. LAURENT: The word "unduly" is not used there because it is felt that making use of a patent or trade mark, now that those devices have been recognized for a very long time, is not, in itself, necessarily injurious or restrictive to trade or commerce. We have for a long time recognized patents of invention and trade marks. They are not regarded as of a nature to restrain or injure trade or commerce in relation to such articles. It is only when they are used in a manner which the public concept of proper business dealings would regard as restrictive that they should be interfered with. The language used here is copied textually from section 498 of the criminal code, which has been the occasion for a great many decisions construing the language used. If my hon. friend will compare paragraphs (a), (b), (c) and (d) with section 498 of the criminal code he will find that the only difference is that in section 498 of the criminal code each one of these paragraphs begins with the preposition "to"; to unduly limit, restrain or injure trade, to unduly prevent and so forth, whilst here the use of the split infinitive has been avoided. Otherwise it is identical with the language of section 498 of the criminal code.

Mr. DIEFENBAKER: In the definition of "combine" under the Combines Investigation Act "unduly" does not enter into the picture at all.

Mr. ST. LAURENT: No. It is replaced by the phrase "has operated or is likely to operate to the detriment . . . of the public."

The ACTING CHAIRMAN (Mr. Golding): Does the hon. member for Winnipeg North Centre wish to press his amendment?

Mr. KNOWLES: Yes. The minister's argument only makes me feel the uselessness of these paragraphs as they stand.

Amendment (Mr. Knowles) negatived.

Section agreed to.

On section 10—Procedure when in opinion of commissioner an offence committed.

Mr. ST. LAURENT: Mr. Chairman, sections 10, 11 and 13 should, I think, be considered together. If section 13 as it is here is adopted, I would then be prepared to accept the amendment to which I referred last night with respect to the removal of the limitation of prosecutions to the attorneys general. If that were accepted, the language of sections 10 and 11 would require to be changed as a matter of concordance. So that I think sections 10, 11 and 13 should be taken together, and if section 13 carries I have here a draft which eliminates the restrictive provision in the Combines Investigation Act and brings about the necessary concordance.

The ACTING CHAIRMAN (Mr. Golding): Shall sections 10, 11 and 13 be considered together?

Some hon. MEMBERS: Agreed.

Mr. DIEFENBAKER: I think the point made by my right hon. friend covers the question I raised last evening. I thank him for accepting my suggestion that an information can now be laid, if this becomes the law, by any individual, thereby enabling any consumer in this country who believes that a combine in fact exists, and where proceedings have not been taken, to go ahead in the ordinary way in the courts. I frankly am appreciative of the minister's acceptance of my suggestion because it goes a long way towards putting into this legislation the teeth which have been lacking in the past. It will do a lot toward fortifying the people of this country in their opinion that a real effort will be made to prevent combines from unduly lessening competition and exploiting the public. Having said that, may I ask the minister this question? Why the insertion of subsection 3 in section 11:

No person shall be charged with an offence against this act on the same information or indictment as that on which he is charged with an offence against section four hundred and ninety-eight of the criminal code.

Mr. ST. LAURENT: That is to replace the portion of section 28 of the 1935 statute which it is desirable, I think, to retain. The complaint was that indictments were being framed with several counts, some being under the criminal code and some being under the Combines Investigation Act. I thought that that was unfair and that the prosecutor should exercise his option and decide whether he was going to prosecute under the code or under the Combines Investigation Act, but that he should not have counts under both in the same indictment. I think that is only proper. I think it is proper to require the prosecutor, when there are two statutes which can apply to given facts, to frame his charges under one or under the other but not under both. But section 28 as enacted in 1935, went much farther than that. It read:

No person shall be charged with, tried or convicted of an offence against this act, by the same information, upon the same evidence or at the same time as he is charged with, tried for or convicted of an offence against section four hundred and ninety-eight of the criminal code.

Mr. DIEFENBAKER: Has that section been interpreted by the courts?

Mr. ST. LAURENT: Yes, it was interpreted in the Alberta case, and it was held there that because a charge had originally been made under the code and a stay of proceedings had been entered by the attorney general the subsequent proceedings under the Combines Investigation Act were illegal. That is why I said last night that if it were to be permissible to anyone to lay an information I wanted to avoid having that information remain as a bar against other proceedings if the one laying the information did not follow up his charge and get a judgment upon it. Otherwise it might be possible for those who were fearing prosecution to have a charge laid against them and just rest behind that charge. The suggestion now is that:

No person shall be charged with an offence against this act on the same information or indictment as that on which he is charged with an offence against section four hundred and ninety-eight of the criminal code.

Mr. DIEFENBAKER: Why not "and 498A?"

Mr. ST. LAURENT: There is nothing in the Combines Investigation Act which is similar to section 498A. It is section 498 and the Combines Investigation Act which cover the same territory.

The hon. member has read the suggestions; he sees that it is necessary to have some slight changes for concordance to be made if that principle is accepted. So that if it were the pleasure of the committee to adopt section 13 and the pleasure of the hon. member to move the amendments to sections 10 and 11 set out there, perhaps all three could be adopted.

Mr. DIEFENBAKER: Mr. Chairman, would this be the point to move the amendments? I move:

That the present section 10 be replaced by a section to read as follows:

10. Section thirty-one of the said act, as enacted by section twenty-two of chapter fifty-four of the statutes of 1935 and amended by sections four and twelve of chapter twenty-three of the statutes of 1937 is repealed and the following substituted therefor:

31(1) Whenever in the opinion of the commissioner an offence has been committed against any of the provisions of this act, the commissioner may remit to the attorney general of any province within which such alleged offence was committed, for such action as such attorney general may be pleased to institute because of the conditions appearing, any records, returns, evidence or report relevant to such alleged offence.

(2) The Minister of Justice may instruct counsel to attend on behalf of the minister at all proceedings consequent on any information being laid for an offence under this act.

I assume that is as far as I would go at this time.

Amendment agreed to.

Section as amended agreed to.

Mr. DIEFENBAKER: I also move:

That section 11 of the bill be replaced by a section to read as follows:

Section thirty-two of the said act, as amended by section twelve of chapter twenty-three of the

statutes of 1937, is further amended by repealing subsection two thereof and adding thereto the following subsections:

(2) No person shall be charged with an offence against this act on the same information or indictment as that on which he is charged with an offence against section four hundred and ninety-eight of the criminal code.

(3) The provisions of this section which provide for the imposition of penalties shall not be deemed to deprive any person of any civil right of action.

Mr. KNOWLES: Will the minister take another minute to explain why it will not be possible under the first of the subsections now proposed to do the same thing that it was possible to do under the old section 28? I am referring to those people who, fearing charges, get a charge trumped up against them under one act so that they will not have it under the other.

Mr. ST. LAURENT: There is no obstacle to there being more than one charge laid. The fact that a charge will have been laid by someone will not prevent an attorney general from laying another charge. The only defence one would have would be that he has been convicted or acquitted. Supposing someone thought he was going to get protection by having a prosecution brought against him, and a charge was laid but the informant did not proceed, nothing would prevent the attorney general from laying a charge for the same facts. The only defence the person prosecuted could have would be that the first charge had gone to judgment and had resulted in an acquittal or in a conviction. The existence of the charge would not constitute an impediment. So that I feel certain there is nothing to be feared from the possibility of trumped-up charges being brought by prosecutors who are not serious.

Amendment agreed to.

Section 11 as amended agreed to.

Sections 12, 13 and 14 agreed to.

Bill reported, read the third time, and passed.

UNEMPLOYMENT INSURANCE ACT

CLARIFICATION AND EXTENSION OF PROVISIONS AND BENEFITS

Hon. HUMPHREY MITCHELL (Minister of Labour) moved that the house go into committee to consider the following resolution:

That it is expedient to introduce a measure to amend the Unemployment Insurance Act, 1940, to provide for clarification and rearrangement of its provisions and of the procedure to be followed thereunder; generally to enlarge the scope of the act to extend the application of the provisions and benefits of the act and of the qualifying period for insurance to certain veterans and merchant seamen.

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

Mr. MITCHELL: I thought that this afternoon, as the hour is getting late, I might make a statement which I have before me, and perhaps hon. members would like to discuss the principle of the bill after they have heard the statement. I have drafted it in a manner which I hope will make it easier for hon. members to understand the rearrangement of the act and also certain sections of the act, and certain fundamental changes which are being made in it.

Five years ago, on July 1, 1941, contributions under the Unemployment Insurance Act first became payable. Now that we are considering a number of changes in the act to make it work more smoothly and to close some of the gaps which have appeared, it is perhaps well to take stock of what has been accomplished in order to place this important piece of social legislation in its true perspective. Many hon. members doubtless have read statements made in another place or on May 23 on the second reading of the bill. At that time some interesting statistics were placed on the record, and I will not repeat them at this time. However, I am sure you will be interested to know why it has been considered desirable to introduce the bill in this house, and the reasons why it was withdrawn from the other chamber.

Subsequent to the decision of the government to amend the Unemployment Insurance Act, it was decided to add sections to the bill which would involve expenditures of money.

These amendments relate principally to veterans and certain merchant seamen.

It may be well to recall that the Canadian unemployment insurance scheme is based on sound insurance principles, many of which are common to both commercial and social insurance.

The first of these is that there must be a reasonable interest in a contingency.

In the case of an employee, this contingency is his contract of service which may fail in its completion by a lay-off, by termination in accordance with its own terms, or by mutual agreement.

The second of these principles is that the indemnity or benefit arising out of the contingency must be related to, but must not exceed, the loss or value of the insurable interest.

The benefit may be related to part of the loss, as in some forms of automobile insurance, or a cash benefit related to, but less than earnings, as in unemployment insurance.

The third principle is that due weight must be given to what might be called the moral hazard. In commercial insurance this would result in a selection of risks, but in the wider scope of unemployment insurance results in the erection of proper safeguards in the public interest.

These past few years have proven an extremely difficult time in which to recruit and train a staff to man the local and other offices of the commission. I think it can fairly be said that a good job has been done, although we are continually endeavouring to improve our standards. The continual training of staff on the job is expected to result in a still higher degree of efficiency.

We are operating a public service of the greatest importance by seeking to match jobs with those seeking jobs, while at the same time ensuring that claims against benefit rights accumulated in the war years are handled promptly and equitably.

The act became effective at a good time in so far as the building up of the fund was concerned. Employment climbed steadily, resulting in almost one-fifth of the population of Canada having a direct stake in the fund. With their dependents, this means more than 50 per cent of the population of Canada. This has helped to cushion these months of change-over and adjustment.

The effect of any social legislation is dependent on the extent of the classes of persons covered. In July, 1941, there was insured under the Unemployment Insurance Act almost all employment in industry, apart from the basic industries of agriculture, fishing, lumbering and logging, transportation by water and air, which presented special problems, as well as those excluded by reason of the wage ceiling of two thousand dollars.

It has been and still is the policy of the government to widen the scope of the act as rapidly as possible, and the changes effected, together with those projected, indicate the progress being made.

In January, 1942, action was taken by order in council to retain within the insured classes persons whose earnings exceeded two thousand dollars a year because of war conditions, such as increased hours and other factors.

In that same year action was taken to place veterans in as nearly as possible the same position as they would have had under the act had they not served in the armed forces. This step was made effective by the post-discharge reestablishment order, is now in the present bill and will become part of the Unemployment Insurance Act.

It provides that employer and employee contributions, for the period of service in the forces subsequent to June 30, 1941, will be paid into the unemployment insurance fund by the government when the veteran completes fifteen weeks in insured employment in any period of twelve months following his discharge. This is proving a most satisfactory and realistic way for veterans to build up a share in the fund.

The only previous bill amending the Unemployment Insurance Act was passed in July, 1943, and effective from September 1 of that year the ceiling for salaried employees was raised from $2,000 to $2,400, to take care of the general rise in earnings.

In place of the order in council insuring those whose earnings were higher because of the war, the earnings ceiling was removed entirely for persons paid by the hour, day, week or on a piece rate.

The other change in coverage made at that time was the inclusion of all employees of public utilities who were within the insurable earnings limit, so as to remove discrimination between municipally-owned utilities and those owned by private companies. Previously, municipalities had been allowed exception for certain of their permanent employees.

Here let me say a word on this question of permanency of employment and coverage under the act. There are those who feel that where there is little risk of unemployment, the employment should not be insured.

On reflection, it will be quite clear that if those who were fortunate enough to have stable employment were excluded, it would be virtually impossible to build up a fund adequate to provide benefit for those with less stable employment without making the amount of the contributions prohibitive. It is only by spreading the risk that a sound scheme is possible. The man who pays his fire insurance premium and does not have a fire is fortunate.

Then even in employments regarded as most stable, unemployment is not unknown. In Britain, in the nineteen-twenties, when their unemployment insurance act permitted the withdrawal from the general scheme of industries which were thought to be particularly stable, the coal mining industry considered setting up a special scheme. The heavy unemployment suffered in that industry in the years that followed is only too well known.

Included in the 1943 amendments was one giving the governor in council authority to extend coverage to excepted employments on joint recommendation of the commission and the unemployment insurance advisory committee. This has made it possible to extend the scope of the act without waiting for an opportunity to introduce a bill into parliament.

Thus, in August of last year, employment in transportation by air and as a professional nurse (other than employment as a private duty nurse or as a probationer) became insurable.

Following a series of investigations into the peculiar problems, both seasonal and administrative, of lumbering and logging in different parts of the country, action was taken to make employment in this industry insurable.

Contributions are to commence in British Columbia on August 1 of this year. It is expected that in a comparatively short time the industry will be insured across the country.

Discussions are now under way for further extensions in coverage by joint recommendation of the unemployment insurance commission and the advisory committee. However, there is now included in the bill an amendment which will make insurable employment in transportation by water—both inland and deep sea.

Until reciprocal arrangements have been completed with the United States and Great Britain, our coverage of deep sea vessels will be somewhat limited, but a start is being made and it is fully anticipated that proper arrangements can be made with these other countries as to the jurisdiction over vessels of different registry.

Many persons insured under the act are now faced for the first time with the need to take advantage of the benefit rights which they have been accumulating, and I think it may be of general interest to outline the handling of claims.

At the outset let me emphasize that the first action taken when an unemployed person enters the local office is to register him for employment and inform him of the employment opportunities which are available.

Only after this has been done are the necessary forms completed for the filing of a claim, if the insured person so desires.

A claimant must deposit his unemployment insurance book, or arrange to deposit it when he files a claim; he is required to give particulars of his employment during the previous six weeks, in order that the reasons for separation from employment may be verified. There is a disqualification imposed, for example, if a claimant has left his employment voluntarily without just cause, or he has been discharged because of misconduct.

If the claimant wishes to receive benefit at the higher rate because he maintains a dependent within the meaning of the act, further particulars must be provided. He must give details of any spare-time occupation which he follows, because there are restrictions in the act governing the receipt of benefit by persons with spare-time jobs.

A claimant is ordinarily required to report once a week in order to prove unemployment, capability of work and availability for work. He may be called in during the week because of an employment opportunity which has arisen. On his weekly reporting day, the placement officer must certify that there is no suitable employment available for him, before action is taken to record his unemployment.

There are a considerable number of claimants who live at too great distances from any local office to file claims in person. The practice is to permit such persons to file their claims by mail if the cost of return transportation from their home to the nearest local office exceeds thirty cents; they are then called "postal claimants." They not only file their first claim by mail, but they continue to report weekly by mail. Their statements as to unemployment, et cetera, must be certified by two responsible individuals. The payment of benefit is made by cash in the larger local offices and in the remainder, by warrant. Postal claimants are paid by warrant.

The contribution records of insured persons are maintained at eight points across the country. The contributions in the current insurance book, together with those in the records for a period of two years preceding the claims, determine the rate of benefit. Similarly contributions recorded for the five years previous to the claim, and benefit paid in the preceding three years, determine the duration of benefit.

The adjudication of claims is the responsibility of insurance officers appointed under authority of the act. These officers are located at numerous points across the country.

The main questions which an insurance officer must decide in adjudicating claims for benefit are whether the required contribution conditions have been fulfilled; if the claimant left his employment voluntarily, did he have just cause for so doing? Was he discharged for misconduct within the meaning of the act? Or does his unemployment result from a stoppage of work due to a labour dispute? Also, a claimant must be sixteen years of age and a resident in Canada before he is entitled to benefit.

Let us look at the important and controversial subject of suitable employment. The act specifies certain types of employment which are not to be considered suitable, for example, employment which arises out of a stoppage of work due to a labour dispute, employment which would require a claimant to become a member of, or to refrain from becoming a member of a union.

The act also states clearly that employment is not to be regarded as suitable if it is employment in the claimant's usual occupation where the wages are lower or the conditions less favourable than those observed by agreement between employer and employee. Neither is employment suitable in another occupation where the wages are lower or the conditions less favourable than those he obtained in his usual occupation.

On the other hand, it is likewise specifically provided that after a lapse of a reasonable interval from the commencement of unemployment, employment in another occupation is not to be considered unsuitable (in other words it is suitable) if the wages offered are not lower and the conditions not less favourable than those obtaining in that occupation.

It is only possible to consider whether a particular offer of employment is suitable in relation to an individual claimant at that time; what is not suitable to-day may well be suitable a month from to-day. The most careful consideration has been given to the guidance afforded insurance officers in adjudicating cases of refusal of employment which is apparently suitable, and reference has been made to both British and American experience in handling this problem.

Some of the factors considered by insurance officers are the difference in the rate of wages between the usual occupation and the work offered; whether there would be any sacrifice of skills in accepting the job offered; the length of unemployment; whether there is any prospect of the claimant finding work with his former employer within a reasonable time, or whether there is any possibility of his finding work in what is his usual occupation.

After an accident, for instance, a man may not be able to return to his former work, and he must consider a change in occupation immediately. Or a man who has reached retirement age for a given occupation cannot hold out for employment of that kind. Similarly, there are certain skills which were required during the war which have little or no place in a peacetime economy. Then there are always circumstances peculiar to an individual claimant—his family responsibilities, adaptability, age and so on, which affect his suitablity for a job.

Let me emphasize that in no country has it been found practicable to legislate on what is suitable employment, because it is one thing one day for one claimant, and something else a month or two hence. It should always be remembered that if a claimant is not satisfied with an insurance officer's decision, he has a right of appeal to a court of referees, composed of representatives of employers and employees, and an independent chairman. In certain circumstances there is a right of appeal to the umpire. Gradually there is being built up from decisions of the umpire a most important and helpful guide to the interpretation of various provisions of the act, which is of great assistance in striving for uniformity of action among those adjudicating claims.

Glancing over the amendments in this bill, hon. members will notice that nearly two-thirds relate to changes in references made necessary by a rearrangement of some of the sections and by minor clarifications of old sections, which experience has shown as desirable.

Of the other changes, I would draw hon. members' attention particularly to the following:

Clause 3 of the bill permits coverage of persons whose status as employees has given rise to some argument; for example, men paid on a commission basis may be either employees or independent contractors. On the other hand, clause 36 excepts from coverage a person who is virtually an employer; for example, a man who owns more than half the registered stock of a corporation.

Clause 6 of the bill permits repeal of section 23(2) of the act if the present proposal in the bankruptcy bill on priority of claims is approved.

Clause 7 is a major rearrangement of the present section in order to set out in a more straightforward manner the conditions on which benefit will be paid. It also increases the earnings permitted from subsidiary employment from $1 to $1.50 a day; widens the group of dependents in respect of whom the increased benefit rate may be paid; authorizes benefits to be calculated to the nearest five cents, and also permits small errors to be cleared from the books of the fund. Clause 7 takes up about one-third of the bill.

Clauses 10 and 11, together with part of clause 7, clarify the question of appeals to the umpire.

Part of clause 14 assures that benefits obtained by false pretences will not be retained by the claimant.

Clause 16 extends the time in which proceedings for an offence may be commenced from three months to twelve months of evidence of the offence coming to the knowledge of the commission.

Part of clause 18 permits benefit to be paid where contributions were not paid due to an erroneous decision of an officer of the commission.

Clause 20 grants authority to pay expenses which may be incurred if it becomes necessary to pledge securities held in connection with the fund.

Clause 21 makes the date of the report of the advisory committee the same date as that of the commission.

Clause 22 permits gradual extension of coverage to lumbering and logging.

Clause 23 makes the national employment service responsible to the minister and permits it to carry out additional duties not within its formal functions.

Clause 24 transfers to the act sections of the Veterans Rehabilitation Act dealing with unemployment insurance, with some enlargement relating to veterans of allied nations and certain merchant seamen. In this connection clause 32 repeals the relative sections of the Veterans Rehabilitation Act.

Part of clause 25 continues the requirements that employers report engagement of employees and that persons seeking employment notify the employment service.

Clauses 33 and 34 extend coverage to merchant seamen.

I would like to deal in some more detail with the principle of ministerial responsibility suggested in respect of the employment service.

The efficient administration of the Unemployment Insurance Act requires an effective employment service. The problems of war made it abundantly clear that a national employment service has other important functions to fulfil. The complexity of post-war conditions, the conviction that employment must be provided for all who want to work show that the employment service has still to play a much larger part in our national economic life than that connected with unemployment insurance.

The national employment service should and must become a keystone in the carrying out of plans of the Department of Veterans Affairs, the Department of Reconstruction, the Department of Transport, the Department of Agriculture and the Departments of National Defence in their various activities for reconversion and reestablishment.

There must be the closest possible working arrangement between departments at the ministerial level, and the Minister of Labour must have detailed knowledge and control over the employment service so that he can give his colleagues the cooperation necessary to carry the reconversion plans to a successful conclusion.

Then there are cases where special financial or other curative measures are necessary. Such cases include employment problems of youth, of older persons who are not pensionable, of persons not covered by unemployment insurance, as well as problems associated with apprenticeship, and encouragement of movements of manpower to agriculture (one of the most important responsibilities we face at this time), basic industries or domestic service. More efficient dominion-provincial arrangements to deal with these matters would be possible where the minister could issue direct instructions to the employment service.

In the administration of the employment service and unemployment insurance, Great Britain has divided authority at the top level between a ministry of labour in charge of employment, and a ministry of national insurance in charge of unemployment insurance and other social security benefits. The long experience of Great Britain in matters of this kind makes worthy of note her action in determining this to be the most desirable line of action between parliament and the administrators concerned.

In the United States, the department of labour and the social security board have each had a hand in administration of the federal employment service, which in turn are separated from the state unemployment compensation authorities. At present, there is a move on foot to vest complete control of the employment service in the department of labour.

In New Zealand, the employment service will come under a newly created ministry of employment. Their social security department, which will be responsible for unemployment compensation policy at top levels, will have no authority over the employment service. Australia is to follow New Zealand's lead with a commonwealth employment service directly responsible to the minister of labour and national services, and free to act independently of the department of social services.

Thus the plan proposed for Canada follows the trend that experience in other parts of the world has found desirable in that it seeks to make the employment service directly responsible to the Minister of Labour, rather than to have the chain of authority directed through the unemployment insurance commission.

It should be noted that sixty per cent of the money voted by parliament for the activities carried out by the staff of the commission is spent for work not covered by the act.

If this sixty per cent is a responsibility of the minister, it is submitted that it is the duty of the minister to exercise supervision of the employment service, because it is through that service and by its staff that money voted is spent.

Unemployment insurance and the employment offices are a part of the general social security programme. They are primarily concerned with one of the most important fields of national welfare, the provision of insurance payments during periods of unemployment and the movement through the employment offices of persons in search of gainful employment.

It has facilities to deal with veterans and to meet the problems of persons requiring vocational guidance, or special attention due to physical handicap. It is already taking its proper place in the minds of both workers and employers, a place which they see is necessary in any plan to maintain a high and stable level of employment.

I imagine that most people have had contact with the employment service during the war, particularly when national selective service was in full operation.

I would suggest, Mr. Chairman, that you call it six o'clock.

Mr. GRAYDON: I understood it was the minister's suggestion, which I think met with general approval, that following his statement the matter might stand and the debate be resumed at a later time. It was our understanding that this suggestion had received the approval of the house, so that perhaps at this time the debate might be adjourned.

Mr. MITCHELL: I am sorry; before I sat down I meant to mention that the hon. member for Vancouver East, together with my hon. friend the acting leader of the opposition, suggested that the resolution might pass now and that the debate on the principle be held on the second reading of the bill.

Mr. MacINNIS: I do not want to be deprived of the right to speak on this resolution if it comes up again, but under the procedure that has been developing in this house we have had no debate on the resolution, and the general debate has taken place on second reading of the bill. I think that is a good procedure to follow, since then we have the bill before us. So that if the other parties would agree to that, I see no reason why we should not have the bill introduced and given first reading to-day, in order that the measure may be advanced a stage.

Mr. GRAYDON: There is perhaps a special advantage in that procedure which might be mentioned. We can then examine the statement of the minister together with the terms of the bill, so that perhaps we ought to consent to the bill being introduced and being given first reading, in order that the debate may take place when second reading is moved another day.

Resolution reported, read the second time and concurred in. Mr. Mitchell thereupon moved for leave to introduce bill No. 243, to amend the Unemployment Insurance Act, 1940.

Motion agreed to, and bill read the first time.

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

Thursday, July 4, 1946

The house met at three o'clock.

BANKING AND COMMERCE

CONCURRENCE IN FOURTH REPORT OF STANDING COMMITTEE

Mr. HUGHES CLEAVER (Halton) moved that the fourth report of the standing committee on banking and commerce, presented on Wednesday, July 3, be concurred in.

Motion agreed to.

QUESTIONS

(Questions answered orally are indicated by an asterisk).

MERCHANT MARINE—PARK STEAMSHIPS—WAR RISK BONUS

Mr. HOMUTH:

1. What was the rate of war risk bonus paid to seamen on Park Steamships operations?
2. Who authorized this payment?
3. From what fund was it paid?

Mr. McILRAITH:

1. Seamen, on Park Steamships operations were paid the following war risk bonus: (a) Adult male crew members, $44.50 per month; (b) Boy crew members, $22.25 per month.

2. The National War Labour Board by its finding and direction No. N.1002 dated June 7, 1943, authorized the payment of this war risk bonus with effect from May 5, 1943.

3. The war risk bonus was paid out of Park Steamships company earnings and not from any special fund established for the purpose.

DEPARTMENT OF NATIONAL HEALTH—PHYSICAL FITNESS BRANCH

Mr. CHURCH:

1. Who are the chief officers of the physical fitness branch of the Department of Public Health (a) stationed at Ottawa; (b) elsewhere?

2. In what theatre of war did the deputy head of the department and his chief officer in each of the provinces serve?

3. What is the salary of the deputy and what were his travelling expenses for the last year of record?

4. Have any of the provinces so far refused to adopt this programme? If so, what provinces?

Mr. CLAXTON:

1. (a) Ian Eisenhardt, national director of physical fitness; S. B. Carey, technical assistant to the national director of physical fitness; (b) Nil.

2. Ian Eisenhardt—

1940-41—Enlisted in the Canadian army; served on Pacific coast; commissioned as second lieutenant, First Battalion Irish Fusiliers, Vancouver Regiment; promoted to first lieutenant.

1942-43—Promoted to acting captain; seconded to National Selective Service and placed in charge of developing wartime sports and recreation in Canada for war workers and their families.

1943-44—Canadian army sports officer, National Defence Headquarters, Ottawa with rank of acting major.

June 1944—Granted indefinite leave of absence to assume the post of national director of physical fitness, Department of Pensions and National Health.

S. B. Carey—

1939—Enlisted in Canadian army chaplain service.

1941—Reposted to ship conducting staff—Atlantic ocean and England.

1942—Reposted as auxiliary services officer, Labrador.

1943—Reposted National Defence headquarters, Ottawa (administrative duties).

Nov. 1943—Assistant to Canadian army sports officer, National Defence headquarters, Ottawa.

1945—Discharged, as from chaplain service, with rank of captain.

3. Salary $5,000. Travelling expenses for 1945-46—$3,749.23.

4. Ontario, Quebec and New Brunswick have not yet signed agreements with the dominion government.

[Mr. McIlraith.]

QUESTIONS PASSED AS ORDERS FOR RETURNS

IMPORTS OF CORN

Mr. FLEMING:

1. (a) What was the quantity and value of Indian corn imported into Canada in each of the years 1941-5, inclusive, and in 1946 to the latest date for which figures are available; (b) how were these annual totals broken down among the countries from which Indian corn was imported?

2. (a) What rates of subsidy were paid in Canada on such Indian corn during the said period; (b) what was the total amount paid by way of such subsidies during each of the years aforesaid?

3. What is the basic price of such imported corn effective on and after May 20, 1946?

4. What quantities of corn from Argentina have been purchased for delivery in Canada in 1946, and what subsidy payments have been made or arranged thereon by commodity prices stabilization corporation and/or wartime prices and trade board, and what is the rate of such subsidies?

5. Has the dominion bureau of statistics discontinued publication of its monthly report "The Grain Situation in Argentina?" If so, when and for what reason?

FAMILY ALLOWANCES—REGINA DEPARTMENTAL BRANCH

Mr. PROBE:

1. What are the names, ages, nature of duties, rates of remuneration and qualifications of each employee, in Regina, of the Family Allowance Branch, Department of National Health and Welfare during June, 1946?

2. Which of the above employees are (a) permanent; (b) temporary; (c) casual employees; (d) war veterans?

3. On what dates did each of the permanent and temporary employees above listed qualify for appointment?

4. Is the Department of National Health contributing to old age pension or paying childrens' allowance to any of these employees? If so, what are their names?

JUDGES

CONSOLIDATION AND AMENDMENT OF ACT—ADDITIONAL PUISNE JUDGE FOR EXCHEQUER COURT

Right Hon. L. S. ST. LAURENT (Minister of Justice) moved that the house go into committee at the next sitting to consider the following resolution:

That it is expedient to present a measure to amend the Exchequer Court Act to increase the number of puisne judges of the court from two to three, and also to present a measure to consolidate and amend the Judges Act to include provision for the appointment, tenure of office and duties of the judges of the dominion and provincial courts, fixing judges salaries and providing for the payment of salaries, and for the payment of increased salaries, travelling allowances and annuities to judges and annuities to their wives and widows in certain cases and subject to conditions therein set out.

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

Motion agreed to.

UNITED NATIONS

ECONOMIC AND SOCIAL COUNCIL—PREPARATION FOR WORLD TRADE CONFERENCE

On the orders of the day:

Mr. GORDON GRAYDON (Peel): Mr. Speaker, I should like to direct a question to the Minister of Trade and Commerce. Will he inform the house what steps are being taken and what progress is being made by the united nations economic and social council by way of preparation for the prospective world trade conference; and, when he is answering the question, will he say whether there is any possibility that the conference will be convened this year?

Hon. J. A. MacKINNON (Minister of Trade and Commerce): I have had no notice of the question, and I am not sure that it is properly directed to the Minister of Trade and Commerce; but I shall confer with the Prime Minister and see what answer can be given.

Mr. GRAYDON: May I point out that I delivered notice of the question to the minister's office at two o'clock to-day or thereabouts. Perhaps there has been some mishap.

Mr. MacKINNON: The cabinet was in session up to half past two to-day, and that may be the reason for my not receiving it.

Mr. GRAYDON: Perhaps the minister or the appropriate member of the cabinet will take the question as notice and have it answered to-morrow.

PRIVILEGE

MR. LENNARD—REFERENCE TO ARTICLE IN OTTAWA "JOURNAL" OF JULY 3

On the orders of the day:

Mr. F. E. LENNARD (Wentworth): On a question of privilege, I wish to refer to an article that appeared in last night's Ottawa *Journal,* to the effect that Mrs. Fred Rose had conferred with a number of members of parliament in an effort to end the isolation of her husband in a Montreal gaol. In this article she is quoted as follows:

> I believe I can say that all the members of parliament with whom I have talked have expressed themselves as against this policy of isolation . . .

I feel, Mr. Speaker, that this is a reflection on many of the members of this house, and I want it distinctly understood that I was not one of those interviewed.

In this connection I should like to ask the Prime Minister if he can say when the seat for the riding of Montreal-Cartier will be declared vacant.

Right Hon. W. L. MACKENZIE KING (Prime Minister): Until the pending appeal has been heard and a report of a conviction made to His Honour the Speaker from the court, the seat will not be declared vacant. Further consideration will be given the matter after the final decision of the court.

BUILDING MATERIALS

SHORTAGE OF CEMENT IN SOUTHERN ALBERTA

On the orders of the day:

Mr. J. H. BLACKMORE (Lethbridge): May I ask the Minister of Finance whether he has taken occasion to look into the cause of the cement shortage in southwestern Alberta? The other day I asked whether he would be good enough to do so. That there should be a shortage of cement in Canada is something which it is beyond my power to understand.

Right Hon. J. L. ILSLEY (Minister of Finance): I did look into the matter, and I intended to write to my hon. friend. When he asked the question I said I thought it was hardly a proper question to be answered before the orders of the day. However, the information that I have received is that there is no greater shortage in that part of the country than there is elsewhere, and the shortage is due to the heavy demand.

UNEMPLOYMENT INSURANCE ACT

CLARIFICATION AND EXTENSION OF PROVISIONS AND BENEFITS

Hon. HUMPHREY MITCHELL (Minister of Labour) moved the second reading of bill No. 243, to amend the Unemployment Insurance Act, 1940.

Mr. C. C. I. MERRITT (Vancouver-Burrard): Speaking to the amendment which is now proposed to the Unemployment Insurance Act, I should say at the outset that for the most part, so far as one has been able to understand this very long bill in the short time at our disposal, the changes are very welcome indeed, and a revision of the act in the light of the past five years' experience is timely.

I was glad to note, when I read the report of the debate on this bill in the other place that the advisory committee is now looking

into the possibility of making some increases in the benefits payable under the act to unemployed persons with dependents. This is undoubtedly a step in the right direction. But since I understand that the scope of the investigation of the advisory committee went only so far as to permit consideration of what increases could be actuarially made without any increase in the rates payable under the act, I should not imagine that any such increases could be substantial. The disappointing thing about the amendment is that neither in the bill itself nor in the statement made by the minister is any hope held out that consideration will be given to making some fairly satisfactory increase in the benefits, if necessary by the increase of the rates payable; because of course this fund must be on an actuarial basis.

Now that we have come through the first year or so of peace, and for the first time use is being made of the benefits under the act by a substantial number of persons, there is general realization in the country that these benefits do necessitate a steep drop in income from the moment a person becomes unemployed. Take for instance the two top classes. A person earning from $80 to $100 a month, upon becoming unemployed, is reduced to between $48 and $54, and if he is in class 7 earning over $100 a month he gets not less than $57.60 and not more than $62.50 a month provided he has a dependent. Hon. members will realize that if one takes say $25 a month out of that amount for rent, which I believe is a reasonably conservative estimate for that item, there is not much elbow-room left for the unemployed person. It is perfectly obvious that if this scheme is to be successful it must be maintained on an actuarial basis; therefore, the benefit cannot be increased unless the government itself is prepared to make a greater contribution without an increase in rates.

I hope that consideration is also being given by the advisory committee and by the minister to the possibility of increasing the benefits, particularly to married persons, substantially above the sum of $14.40 a week, which is the maximum possible, even though it might mean some increase in the rates payable. I hope that some scheme can be worked out under which these increased rates would not bear too heavily on a person while in employment. Naturally all these matters have to be taken into consideration by the experts on the commission, but it struck me that if it were possible to pay a higher benefit for the first month, let us say, after a person becomes unemployed, the shock of the drop from his full earning rate to the unemployment insurance rate might be lessened. In my opinion, in that first month will fall the extra expenses, the back bills that have not been paid, and during that interval time would be given the unemployed person to turn around so that if he is going to remain unemployed more than a month he at least would have a better opportunity to adjust himself to the new conditions.

From a Gallup poll which was taken last November it would appear that there is a general feeling among the lower-paid workers across Canada that the maximum rate of benefit for a person with dependents is too little. It must be obvious that with costs rising as they are to-day, $14.40 is not enough to keep a family in a bare state of maintenance. But any scheme for increasing rates would require an increase in the rates payable. The other way to bring increased benefits on an actuarial basis is for those who have the custody of the fund to reserve it strictly for those for whom no suitable employment exists. If we can be sure that benefits are paid out only where no proper work is available for the applicant, then over the course of some years—and perhaps not so many—I am sure that the factor of safety, which the actuaries must have applied, could be modified and some increases granted without raising the rates payable.

I agree with the minister when he said yesterday that suitable employment is a difficult thing to define and must be considered in each case. Even then I am sure it is not easy. But all the efforts of those concerned with this act must now be directed toward an increase of the benefits which are payable, so that they may reach a level which will, if possible, enable an unemployed person to pull in his horns and save himself from going deeply in debt. At the present time I am sure that a person who was unemployed for a long period would be bound to go into debt or to draw heavily on the amount that he may have saved.

As to prevention of depletion of the fund, I should like to call the attention of the house to some of the figures given, in the debate in the other place, with respect to payments into the fund since its inception and the benefits which have been paid up to the present time. The figures show that up to 1945 substantial payments were made into the fund and the payment of benefits was quite negligible. As a result the fund built itself up to the good position in which it finds itself now, with more than $300 million to its credit. But in 1945 there was a substantial increase in the benefits paid

out consequent upon the unemployment after the end of hostilities. If I recollect rightly the benefits paid out in 1945 amounted to about $14 million, or 17·5 per cent of the revenue of the fund for that year. That figure may be, and probably is, a bearable figure now, but for the first three months of 1946 one finds that over ninety per cent of the amounts paid into the fund were paid out in benefits to unemployed persons. We have a considerable amount of unemployment in the country at the present time. On May 3 I believe 210,000 people were unemployed, and that, of course, is too many. I do not think it can be denied that on occasions in the future this fund will be called upon to bear much heavier burdens than the amount paid out so far. Therefore the payment out of more than ninety per cent of the amounts paid in in the first three months is not a fact that one can quickly brush aside. I hope, and I know, that the minister is taking that into consideration and will project forward what will happen to the fund if such rates of payment are kept up.

When the minister made his statement yesterday he said the unemployment services which are set up under the bill will come under his immediate direction, whereas the operation of the fund itself remains entirely under the unemployment insurance commission. I believe it is proper that that should be so. I agree that he must have direct power in respect of the unemployment services. If the fund is to be kept on an actuarial and sound basis there is much point in its being handled by the unemployment commission, and not being subject to the day-by-day direction of the department administering the unemployment services.

I mention the question of suitable employment because it is there that a raid can be made upon the fund. If the time should ever come when persons would be kept on unemployment insurance when suitable jobs were available, then the fund could be quickly depleted. That would do great harm to those who are paying into it, and to those with bona fide cases of actual need, who are the persons for whom the fund was set up.

Although the minister has said that there are insurance officers in every district to handle these applicants, I did not gather whether they were officers of the unemployment insurance commission or of the Department of Labour, responsible to the minister; whether they took from the minister or from the commission itself the directions given to them for their guidance in deciding what is suitable employment. I hope he will make that point clear when he speaks in this debate.

What I have been saying is given strong support by a statement in the Ottawa *Journal* of recent date in which the deputy minister of labour is reported to have said with respect to the need for finding agricultural workers:

> "We can place ten thousand workers on the land" said Mr. MacNamara, "and the bulk of those men with farm experience are now beginning to accept the inevitable in going to work."

Later, though this is not a direct quotation, the report states:

> It had been the policy of the unemployment insurance commission "for some weeks" to cut off their benefits in cases where men refused work for which they were qualified.

That report gives rise to the question whether the unemployment insurance fund has been too liberally administered, and used in a way which ultimately would work against the people who now or in the future might have very real need for its assistance; and whether such a liberal policy could work against the possibility of an increase in the benefits payable without an increase in the rates as well. Certainly while I should be the last to wish to see the regulations or the act enforced in such a way as to harm anyone who finds himself out of work, I think the need to take care of the unemployed who have dependents must outweigh any notions of excessive liberality; and the quotations I have just read would lead one to believe that people who heretofore could have gone to work but did not wish to "accept the inevitable" have not been required so to do. Indeed in the second quotation the actual words "refused work" appear. So I hope the minister will make a further statement on this matter of suitable employment, and indicate whether or not it is within his power, or the power of the unemployment insurance commission, or both, to determine what is suitable employment at any particular time, whether these insurance officers come under the commission or under the minister or under both, and what authority issues to them their instructions.

Again, it seems to me very important to have an understanding of what is meant by "a reasonable time" in section 31, dealing with the entitlement to continuing benefit after being on the roll for some time, there being no suitable work of the kind to which a person has been accustomed. After a reasonable time one must accept employment of some other type for which one is fitted; and I think the construction of that word might be explained with some benefit. I want to emphasize that my remarks on this point are made in the desire to see the benefits increased, particularly to those with dependents, and are

in no way offered in criticism of persons who may be on the unemployment insurance rolls at the present time.

There are only two other points I should like to mention. I thoroughly approve the establishment of the employment service under the arrangements the minister has described. I see this service has certain powers and duties in regard to the investigation of working conditions and opportunities for work, which will enable it better to carry out its functions. I want to offer one suggestion to the minister. The employment service, which of necessity will be closely concerned with examining employment opportunities in all parts of Canada, to my mind will have a great opportunity to assemble data and perhaps come to conclusions in regard to the improvement of working conditions in various parts of Canada. I refer particularly to the possibility of providing better housing accommodation and greater opportunities for the construction of houses in mining and logging camps which are far removed from towns and cities. It seems to me that good housing in our mining and logging camps, and indeed on farms and throughout the country, is a wonderful way of adding to good labour-management relations and to promote industrial peace instead of industrial unrest. The improvement of conditions in that respect, of course, would be a way of keeping up production, maintaining employment and relieving the burden on the employment service itself.

Suitable housing in these places, which when you come right down to it are the places where we produce our natural wealth, would kill two birds with one stone. It would enable men to be united with their families on the job and take them off the unemployment insurance rolls, because men are much more willing to travel to another place of employment if they are able to take their families with them; and moving a family out of a congested city area would free additional housing accommodation at that point, where housing accommodation is most critically short. So without going into it further I feel that this employment service could well work closely with the department responsible for housing in devising some amendment to the National Housing Act which would make funds more readily available for the construction of housing accommodation in these outlying places, thus contributing to the work of both the Department of Labour and the Department of Reconstruction.

The other matter about which I should like the minister to tell us something when he speaks is unemployment as related to the Unemployment Insurance Act. According to the last word of the department, as at May 30 there were in Canada 210,000 people unemployed, while at the same time there were 115,000 opportunities for employment. In order that we may see the relationship of these figures to the unemployment insurance fund I hope the minister will be able to tell us how many are receiving unemployment insurance at the present time, and how many of them have been on the unemployment insurance rolls for more than three months.

That is about all I wish to say on the motion for second reading.

Mr. MITCHELL: Did the hon. member ask for the number of those in receipt of unemployment insurance for three months?

Mr. MERRITT: Yes. That period of three months, which I mentioned, was one chosen at random. Perhaps information for one, two and three months might be useful to hon. members.

Without making any pretence of having digested the bill in full, let me say in conclusion that I welcome the extension of the benefits to veterans and to those in the lumber industry. I hope the minister will not wait too long before bringing within the operation of this useful act some other classes in the community.

Mr. J. H. BLACKMORE (Lethbridge): Mr. Speaker, the measure before the house is worthy of commendation. There is one matter to which I would draw the minister's attention, and to which I believe he will have to give consideration as the years go by. In my view the principle of contributions on the part of employers and employees is not a sound principle upon which to enter the future. I suggest the minister should gradually and progressively eliminate contributions required from both employers and employees.

Employees' contributions decrease purchasing power among the people, which is exactly where we want the purchasing power to be. Contributions by employers tend to increase prices to consumers, which is exactly what we do not want, because it has a tendency toward inflation. Contributions by the government from moneys raised by taxation, the means by which money now being used for this purpose is obtained, also decreases purchasing power by taking it away from the people throughout the country, which is exactly where the purchasing power ought to be. It also tends to increase prices, which again is a means of producing inflation.

In his customary fashion the minister will be inclined to laugh off the suggestion that the government should make contributions,

and should make them with debt-free money, money which is created debt free in accordance with the surplus production of the country in goods and services. As the minister grows in wisdom and understanding he will be less inclined to laugh off that suggestion. He will come to realize that it is the principle upon which the future must be based.

Mr. ANGUS MacINNIS (Vancouver East): Mr. Speaker, the bill before us, to amend the Unemployment Insurance Act, 1940, is a voluminous document, although there is in it no outstanding new principle. I should like however to make a suggestion to the minister which I hope he will see fit to accept. My suggestion is that after second reading the bill be referred to the standing committee on industrial relations. I shall attempt to give the reasons why I believe that suggestion to be a wise one.

The Unemployment Insurance Act is a relatively new statute, having come into effect on July 1, 1941, so it has been in operation only five years. It affects a large proportion of the population. I believe the minister said yesterday it applied to approximately one-fifth—

Mr. MITCHELL: I said fifty per cent of the population.

Mr. MacINNIS: Yes, fifty per cent of the population, and perhaps one-fifth or more of the adult population. It affects employers of labour as well as employees.

Until a year ago there was very little unemployment in the country, and relatively few claims for unemployment insurance. Consequently there had been few complaints as to the operation, or perhaps I should say the administration, of the Unemployment Insurance Act. Since a year ago, however, unemployment has increased to fairly large proportions, with the result that claims have increased in proportion. There have been many complaints about the administration of the act. I am sure the minister knows that better than any other hon. member. Some of these complaints arise because of a general misunderstanding of the purpose of the act. Others arise from faults in administration which I shall not criticize at this time but to which I shall refer.

Many of the communications I receive from people who find fault with the administration of unemployment insurance benefits indicate that because they have contributed to the fund they are therefore entitled to benefit from it under almost any circumstances which may separate them from their employment. They feel that when they are ill they are unemployed, and that consequently it is illogical that they should be refused the benefits of unemployment insurance while they are ill, but granted them if they are unemployed and well. They believe also that if they retire from industry and have not drawn benefits from their contributions, the contributions should be returned to them. These complaints arise from a misunderstanding of the purpose of the act, a misunderstanding which can be overcome only through education of both employers and workers.

Unemployment insurance is a means of sharing the risks of unemployment. Workers in the sheltered trades share the risks with the workers in the unsheltered trades. Employers and the government, through their contributions, also share the risks. Workers and employers pay directly into the fund, while the people as a whole pay indirectly by means of the government's contributions.

I listened with interest to the points raised by the hon. member for Vancouver-Burrard (Mr. Merritt) and I agree with most of what he said. I doubt very much if any unemployment insurance scheme could be satisfactory if we were to have a prolonged period of mass unemployment. An unemployment insurance scheme that is actuarially sound is not designed for that sort of thing. Unemployment insurance schemes in all countries are designed to carry the worker from one period of employment to another. The contributions made by the worker, the employer and the government are based on the estimated percentage of workers which may be unemployed over a period of time. I do not remember the exact percentage upon which our act is based, but I doubt if present contributions would be able to finance present benefits if more than ten per cent of our working force were unemployed. If the percentage of unemployed went above that, the contributions to the fund could not provide benefits at the rate now paid.

I think perhaps the hon. member for Vancouver-Burrard will agree with me when I say that as the benefits paid are based upon the wages received, what is required is an increase in the wage rates which in turn would increase the amount of the benefits received. Let me point out to the house how low the wage rates are on which benefits are based. The first class covers persons under sixteen years of age who are earning less than 90 cents a day. In this case the employee does not make a contribution; the employer pays the whole contribution of 27 cents a week. The next class includes persons earning from $5.40 a week to $7.50, and here the contribution by the employer is 21 cents and by the

employed person, 12 cents. The third class covers those earning from $7.50 a week to less than $9.60 a week. The next class covers those from $9.60 to $12, and so on up to those earning $38.50 a week or $2,000 a year. This maximum was later raised.

No benefits are paid for those who earn under 90 cents a day. The next class receive a benefit of $4.08 for a single person and $4.80 for a person with dependents; these benefits are based on earnings between $5.40 and $7.50 per week. It is obvious that if we are to appreciably increase the benefits they will become larger than the earnings on which they are based. I do not think that is practicable. The thing to do is to increase wages, and then if a person happens to be unemployed his benefits will be increased accordingly. I am not objecting to an increase in the benefits, but I do want to show that you cannot increase the benefits very much without giving the worker a higher remuneration in benefits when unemployed than he is receiving in wages while working. Obviously there would be no reason in the world why he should work under such circumstances.

As I said earlier, during the last year a great many complaints have been made to me in connection with the administration of the act. I realize the handicaps under which the unemployment insurance commission and the minister have been working. The minister is practically the commission at the present time, because there is only a chief commissioner. As I said before, this is a new field of administration, and that in itself would make the administration difficult. The commissioners who were appointed had had no previous experience with legislation of this kind. The minister and the commission had to contend not only with inexperienced staff but also with inexperienced administrators. Until we get over this particular phase, while criticism might be popular I am inclined not to engage in it at the moment.

Let me again draw the attention of the minister and the house to the desirability of referring this bill to the standing committee on industrial relations. The bill affects a large number of workers, and an opportunity should be given to their representatives, to the representatives of organized labour particularly, to make representations as to the shortcomings or otherwise of the act. The employers also should have an opportunity to appear again before a committee.

I had the privilege of being a member of the special committee to which the bill was referred in 1940 when it was introduced in this house as a new measure. A large number of representations were made at that time, and I am convinced, now that five years have passed, that we should again hear from those who are affected by the act as to what they think of it, how they think it can be improved, and so on. I urge as strongly as I possibly can that when this bill has received second reading the minister move that it be referred to that standing committee. If it is not referred to the committee it may not be possible to have second reading of the bill to-day, because of the short time we have had to examine the bill. I was fortunate in getting a copy of it last night, but until about one o'clock or half-past one this afternoon most hon. members, at least those of my group, had not seen it. We should like to have more time to study it. If, however, my suggestion finds favour with the minister, perhaps we could let the bill have second reading without extended debate.

Mr. DAVID A. CROLL (Spadina): As one who for some years was responsible for the employment offices in the province of Ontario when there was very little employment, I am not likely to be given to much criticism to-day, but the minister said he wanted a little, so I shall try to provide it.

The hon. member for Vancouver East said that unemployment insurance is not new. I agree with him but as we know the act, it is almost in its infancy in this country. But the idea that unemployment is an insurable risk was given official sanction in England back in 1911, and it has developed there and on the continent with the result that to-day we profit from their experience. Canada is able to benefit to some extent from the field work which has been done in other countries.

The unemployment insurance commission, in adapting to Canadian conditions the theories which have been developed, has done an admirable job. I do not expect there will be any criticism of the commission or of the act. As a matter of fact we who were away from this country for several years were glad to know that in 1940 the house took the time to place this act upon the books, and in 1943 to improve it. It indicates that hon. members of that day were thinking about us and laying well the cornerstone of the unemployment insurance structure. I think this is a great social measure, and I fully agree with what the minister said about the present administration of the act. All of us are familiar with the workings of it.

It should be made clear, however, that the first purpose of the act is to find work for those who have been thrown out of employment, whether because of labour turnover, of seasonal unemployment, or of the vagaries

of the business cycle. And that purpose is a proper one. The people want work, not charity. Statements one sometimes hears, that they are more interested in drawing insurance than in obtaining work, are just rot. It is only when the possibilities of obtaining work have been exhausted that benefits are payable, and then of course in each case they are based on the amount of the contribution and the length of time during which they have been paid. To this scheme 2,294,000 insured persons and 150,000 employers contributed over $62 million in the year 1945, to which the government added twenty per cent, or some $12,500,000, as its share. Out of this fund $14 million were paid in benefits over the same period: as the hon. member for Vancouver East has already told the house, it amounted to 17·5 per cent. To paint the over-all picture, from the inception of the fund to the end of February, 1946—I am quoting from the April, 1946 issue of the *Labour Gazette*—the total amount contributed has been $348,309,381, and the total amount paid out in benefits for the same period was $29,530,514, leaving a net balance in the fund of $318,778,866.

I think there will be general agreement that the method of contribution up to the present time has not worked too badly, except that apparently the government's contribution has not come up to what it ought to be. In Great Britain, subject to certain statutory exemptions, all male workers under the age of sixty-five and female workers under the age of sixty are covered by unemployment insurance. The contributions are shared in equal thirds by employees, employers, and the state. The scale of contributions and benefits for males is as follows—this is another provision of the scheme which appeals particularly to me, and I recommend it to the minister: in addition to the weekly benefits there are benefits to a wife or other adult dependent of sixteen shillings weekly; as to children, each of the first two receives five shillings weekly, and others receive four shillings.

The United States works on a different scheme. Unemployment insurance is wholly within the province of the states. However, the Social Security Act authorizes federal co-operation in two ways. Federal grants are made to states to defray the costs of administering state legislation. We had a joint plan of providing for the employment offices, before this scheme came into effect in Canada. Employers are allowed credit against the federal unemployment tax for their contribution to a state unemployment fund. The federal unemployment tax is an excise tax levied on all payrolls of employers with more than eight employees; it amounts to 3 per cent of the wages paid, and covers everyone.

I point out to this house that up to the present time the fund has ben more than adequate, and that a surplus has accumulated which swells the fund very considerably. But when we come to examine the benefits paid, the inadequacy of the scheme becomes apparent. Total disbursements to date have been less than ten per cent of the fund. In this connection the hon. member for Vancouver East gave some figures. The British operate on the basis of paying the same benefit to a person, whether he is married or single, then making an additional allowance to his wife, and then a further allowance to his children. We look at it in a rather different light, and the differential between the married man and the single man at the present time is so little that in that respect the act fails. If a single person receives $4.08 in the first category, the married man receives $4.80, and in the second category the single man receives $5.10 and the married man $6, so the relationship remains about the same. It is true that the first four years of the commission's existence have been good years, and the amounts of benefit have only begun to show a marked increase in the last twelve months; but the fact remains that after five years ninety per cent of the fund is still untouched.

I agree with the hon. member for Vancouver-Burrard that is no reason for raiding the fund, because it belongs to the people who have contributed to it. But let us examine the case of a married man with a child whose income while he is employed is the largest possible under the act, $2,400. The average industrial earnings in Canada in 1942 were recorded at $31.44 a week and in 1939 at $24 a week. If we strike an average we get an earning of $27.72 a week; yet the largest possible unemployment benefit under the act is $14.40 a week, or 51·9 per cent of a man's earning capacity. In the United States it is 60·8 per cent, and in Australia 53·4 per cent.

In the United States, where unemployment insurance is financed by a tax on salaries, regardless of the amount of salary, and is in all cases with the exception of four paid by the employer, the benefits range from a minimum of $15 to a maximum of $28. One might go on and quote statistics relating to England and Australia, but I believe a comparison between benefits payable in different countries gives no real indication of their adequacy. There are many disparities, differences in costs, differences in standard of living of differ-

ent classes to whom benefits are paid, and different basis of contributions. In four of the American states the employees contribute to the insurance fund. What is more to our purpose is that, under present circumstances, given the costs and conditions in Canada, $14.40 as maximum per week is entirely inadequate to maintain a family in health and respectability. Hon. members will no doubt say, what about the family allowance? Well, that is a great help, and we were all happy to hear the minister say, when he presented his estimates, that talk about family allowance being abused was absurd since in only an infinitesimal number of cases was there any evidence of abuse. Nevertheless $14.40 will in many cases provide only food for the average family on the standard endorsed by the Canadian council of nutrition.

I find here a number of diets for different families in the booklet "The Cost of Living, 1944", published by the welfare council of Toronto, and it might be remarked in passing that the cost of living has increased somewhat since 1944; it now stands at 122 with relation to the basic period of 1935-1939. In the study of the Toronto welfare council I find on page 7 weekly sample market orders for various families comprising two adults and three children. The food budget for a week is $12.40. In those days milk was 11 cents a quart, cheese 34 cents a pound, and so on. A man drawing the maximum unemployment insurance of $14.40 would have the sum of $2 left to spend for shelter, clothing, health and recreation for his family, not to mention replacements. On the over-all basis, the monthly budget for a family of five is $154.17, or $35.85 a week—two and a half times the unemployment insurance benefit of $14.40. On the same basis, if you add the family allowance for the same children—and by the way they are a boy of six, a boy of twelve and a girl of ten—that raises it to $18.75. It is true that this is based on the cost of living in Toronto, and it will be in some respects higher than in other localities. But it should also be kept in mind that the benefits payable in Toronto are no more and no less than those paid elsewhere, and it strikes me as unjust to penalize the residents of the larger cities and towns, where living costs are high, by limiting them to a scale of benefits which would be more suitable for rural areas.

So far as Ontario is concerned, I am reading from a brief presented to the veterans affairs committee by the Canadian Legion of the British Empire Service League, Ontario provincial command, on July 12. There is a section in the report bearing on the present discussion. A table is given showing the estimated cost of living for a family of three. This table was compiled from information submitted on the request of the mayor of each of eight Ontario municipalities, and I think it can be accepted as a fair appraisal of the situation. Again it must be remembered that the cost of living index has advanced slightly even since then.

Taking a widow and two children, they point out that in Sault Ste. Marie the cost is $113.70 a month; in London, $91.33; Niagara Falls, $107; Sarnia, $109.25; Owen Sound, $100; Stratford, $125; Ottawa and Guelph, $100. It is interesting to see how the Ottawa figures are made up. The breakdown of the committee's findings on the cost of living in Ottawa gives: food, $39; rent and light, $31.50; clothing, $12.50; medical and dental, $6; incidentals, $8; insurance, $3.

Hon. members realize what little ground is covered in the spending of that $100. These figures are for a widow and two children. Obviously it would be higher for the typical family of two adults and one or more children. But even on the basis of the figures which I have quoted it cannot be denied that the present unemployment insurance benefits of less than $60 a month are grossly inadequate in view of the cost of living and the standard of living which must be maintained by the average Canadian family. The situation can be remedied only by increasing the weekly benefits of unemployment insurance. It would seem to me that an increase of fifty per cent is warranted.

I can see two possible objections. The first question that will be asked by the house is, where is the money to come from? It has been pointed out that some ninety per cent of the unemployment insurance fund, amounting to almost $320 million, remains untouched. I am not suggesting that it be touched, but I point out that it should be possible to do as they did in England in 1944—estimate what proportion of the fund would be required to meet benefit payments in the foreseeable future, set aside that amount, and apply the remainder to increasing the current scale of payments. In England they found that they were able to increase their payments by eight per cent. Should the fund prove inadequate in these circumstances I suggest that the portion now paid by the government, which is twenty per cent, be increased to one-third. That is a desirable step. Governments, through the people, benefit as a result of these payments, and I think it proper to increase the benefits.

The second objection to unemployment payments being increased is that workers will quit their jobs. There is little danger of that.

In the first place, unemployment insurance is not granted indiscriminately to anyone who happens to be out of work. All applications for benefits are examined by the commission and a fairly large portion are disallowed. In the fiscal year ended March 31, 1945, 18,979 out of 102,144 were disallowed. We can rely upon the staff, which is becoming more competent each day, to winnow out the undeserving cases. Unemployment insurance is not a life pension. It is payable for a limited period, roughly one-fifth of the time which a person was employed and contributed to the fund. Therefore there is little danger that an increase in unemployment insurance benefits will result in workers leaving their jobs and living at the expense of the government.

As in any other form of insurance, the policyholder will receive just what he pays. Unemployment insurance is just insurance without the middleman, and with the government contributing. The essence of unemployment insurance, as has already been pointed out to the house, is that it belongs to the workers. That is the idea which the commission is striving to get across to them, and it is confident that with the widespread acceptance of that principle, attempts by individuals to profit at the expense of the fund will become more and more negligible.

Reference has been made to the senate committee. The senate committee concluded that the present scheme could be kept actuarilly sound and yet permit an increase in the present rates of benefit. From a study of the Unemployment Insurance Act during the five years of its existence, and having regard to the steady increase in the cost of living since the inception of the scheme, I point out to the minister that it is time the rates were increased. In addition it is time the act was extended to include a great number of people who are not covered by it at the present time.

In so far as administration is concerned, when one takes into consideration the changes in staff and the difficulties in accommodation, the commission has done a workmanlike job. The chief complaint I hear is that men are being pushed around. No one likes to be pushed around. A man is told to go to a certain place; when he gets there he finds he has to go to somewhere else, and when he gets there he has to go to somewhere else. The result is he becomes annoyed before his case is dealt with. I suggest to the minister that a study is necessary—as a matter of fact it is overdue—for improvements in this act. We are making haste, but we are not making haste fast enough. At the present time the act is far short of the mark, and we cannot neglect it. We are marking time with respect to other social security measures; but if we strengthen this act we shall find ourselves in little difficulty. Unless we strengthen the act and increase the benefits we may find considerable difficulty still facing us. I support the act; I support it in principle, but there are some details which need attention, the most important of which is the matter of benefits under the act, I ask the minister to give it his immediate attention.

Mr. C. E. JOHNSTON (Bow River): I should like to say a word on this bill before the house goes into committee. As has been pointed out, most of us never had a chance to see the bill until about one o'clock to-day, because it was not put into our boxes until that time; therefore it was difficult to go over the bill as carefully as some of us would have liked. The only thing we could judge the bill on was the address of the minister of yesterday. After reading what the minister said and looking over the bill, it can be said that it is going to be a little improvement on the bill of 1940.

I wish to say to the minister that while I am not sympathizing with him—he needs no sympathy; all he needs is a little criticism and jacking-up once in a while, and then he does very well—he will have a difficult task before him in administering this act. It is bound to present a lot of difficulties. He can clearly see that now, because while this bill is entitled the Unemployment Insurance Act, greater attention should be paid, possibly by the Minister of Reconstruction (Mr. Howe), to an employment act. The more an employment act fails to fulfil its obligations, the greater the obligation that rests on the Minister of Labour (Mr. Mitchell) to carry out the terms of the Unemployment Insurance Act.

It can be readily seen that the number of unemployed is steadily climbing. A few months ago we had something like 250,000 registered unemployed. We now have around 300,000.

Mr. MITCHELL: My hon. friend is just going in reverse.

Mr. JOHNSTON: That is not the way it is reported from my part of the country. Look at the statement just put out by the deputy minister, in which he took a rather dictatorial attitude in regard to transporting workers from one part of the country to another. That, too, I think is going to add to the difficulty of administering the act.

Mr. MITCHELL: When my hon. friend talks about a dictatorial attitude, I should like him to enlarge on that a little.

Mr. JOHNSTON: Very well. I did not want to go into too much detail—

Mr. MITCHELL: Because you haven't any detail.

Mr. JOHNSTON: —but since the minister is asking for it I am sure he will not mind if I elaborate a little. It has been stated already that those who do not obey a direction from selective service in regard to employment will be given only so long before having their benefits cut off. If that is not getting dictatorial I do not know what is. I shall go into that a little more fully when we come to discuss what is meant by "suitable employment" in the bill. I was not going to discuss the bill in particular to-day, but I do think the minister is going to run into a great deal of difficulty in the administration of this act when he comes to define what suitable employment is. That is a difficulty right now, as a matter of fact.

Mr. MITCHELL: Has my hon. friend a definition?

Mr. JOHNSTON: I can give the minister his own definition; I do not suppose he will object to that. I quote from page 3105 of *Hansard* for yesterday:

> On the other hand it is likewise specifically provided that after a lapse of a reasonable interval from the commencement of unemployment, employment in another occupation is not to be considered unsuitable (in other words it is suitable) if the wages offered are not lower and the conditions not less favourable than those obtaining in that occupation.

Then the minister went on to say:

> —what is not suitable to-day may well be suitable a month from to-day.

The minister will correct me if I am wrong, but there I think he was trying to define what is suitable employment. I must admit that he has defined it very vaguely, but I do not think he would care to endeavour to define it right now. I too realize the difficulty of defining just what suitable employment might be.

Mr. WARREN: Would the hon. member tell the house just what he considers unsuitable employment?

Mr. JOHNSTON: The hon. member probably was not in the house when I began to speak. I was giving the minister's definition; surely the hon. member would not object to that. I did not want to get into too much of an argument on this matter—

Mr. WARREN: I should like an answer to my question. What is unsuitable employment?

[Mr. Mitchell.]

Mr. JOHNSTON: I will tell you what suitable employment is. It is employment a person desires of his own accord, which gives a desirable remuneration. Would the hon. member object to that? Anything else is not suitable.

Mr. WARREN: I have never known of unsuitable employment.

Mr. JOHNSTON: If I tell you what suitable employment is I imagine you would have sufficient intelligence to know what unsuitable employment is. You just put in the negative form and you have your definition. A moment ago the hon. member for Spadina (Mr. Croll) mentioned what might be considered unsuitable remuneration, when he said the total payment to a married man was $14.40 a week or about $60 a month. In my opinion that would not be suitable remuneration.

Mr. WARREN: Well, Mr. Speaker—

Mr. JOHNSTON: If the hon. member will just sit down and wait until we consider the bill, we can go into these detailed discussions then.

Mr. WARREN: Perhaps the hon. member would answer this question. Did he ever know of a man with health and a little initiative who could not add to that amount, in some way, through his own enterprise?

Mr. JOHNSTON: I do not think I quite got the question.

Mr. WARREN: Did the hon. member ever meet a man who was living on unemployment insurance who could not add to his income, if he was in good health and had a little initiative? Could he not add something through his own enterprise?

Mr. JOHNSTON: But the act definitely limits him in that regard. If he is in receipt of other remuneration, that is taken into consideration in fixing the amount he receives. I am afraid my hon. friend has not gone over the act very carefully.

Mr. WARREN: I know something about it.

Mr. JOHNSTON: A few years ago in the old age pension committee the hon. gentleman was very much disturbed over the possibility that old age pensioners might receive increased pensions. I should think he would be also disturbed over the possibility that a material advantage would be given these people under this legislation.

Mr. GRAYDON: Better call the whole thing off.

Mr. JOHNSTON: I think perhaps that would be a good idea, and my hon. friend can discuss it whenever he sees fit. I believe the consensus is that this act is an improvement over what was in existence previously. I have no strong objection to it, but I should like to point out that as time goes on our unemployment problem will get worse instead of better. With the present system of contributions, as the hon. member for Spadina (Mr. Croll) has pointed out, the difficulty will become greater. It seems to me the remarks of the hon. member for Lethbridge (Mr. Blackmore) would be found to have a great deal of merit if they were properly considered. He suggested that the government should be contributing more to this scheme, and that view was supported by the hon. member who preceded me. The fact is that when the employee has to contribute, his purchasing power is reduced. When the employer has to contribute, the purchasing power of the public is reduced because increased costs of production go into the price of goods; as a result the people can buy less goods; industry can produce less goods because they sell less, so there is a general increase in unemployment. Whether or not people like to accept it, I think that is a sound proposition, and I believe the government must recognize it as such or find their difficulties in administering this act continually increasing. So I should like to support the suggestion of the hon. member for Spadina that the government should seriously consider increasing its contribution; and I would go one step further. The government has issued state money, and I think the Bank of Canada should be used for this purpose. It would not entail any increased taxation if the Bank of Canada were used to provide at least a portion of this increased government contribution.

These things will interfere with the administration of the act as it stands; the minister will have difficulties under many sections. As I read the act I can see trouble ahead in the administration of the section which tries to define suitable employment. I noticed the minister's interpretation in *Hansard* and tried without success to find the same interpretation in the act. I shall discuss that point when we come to it in the bill, but it seemed to me that what is contained there was quite the opposite to what was stated by the minister. I think that is all I care to say at the moment.

Mr. W. G. CASE (Grey North): Mr. Speaker, I do not propose to attempt to discuss the bill. In common with most hon. members I have not had an opportunity to look at it, because I have only just received a copy of it. I should like to make some references to what appear to be disabilities in connection with unemployment insurance. In doing so I am not in any sense critical of the measure itself; I think unemployment insurance is indeed commendable legislation. It will not however in my opinion be fully appreciated or fully operative until such time as we can combine health insurance with unemployment insurance.

I, too, hold the view that because of the higher cost of living there is much to be said for consideration being given to increasing the benefits to workers. I am not in any sense sympathizing with those who are unemployed and who refuse to accept good, healthy employment, and I am not too critical of the stand taken by the deputy minister because I know something of the hardships being experienced by farmers in my own riding who would be only too glad to have some good, robust fellows help them out at this time. It seems to me we must draw the line somewhere.

However I feel that no measure of governmental assistance should have as its objective a deterrent to work. When I suggest that benefits might be increased for the worker I am appreciating the fact that the benefits from unemployment insurance are limited. That is, there is a time limit on them. And while a worker may be unemployed, I do not feel that he will cease to look for employment because he knows that his time in that regard would be limited. There may of course be exceptions to the rule.

As I said, I am going to refer to some of the handicaps about which people complain. I have in mind those who are temporarily employed. I suppose it is difficult to have the act apply to all in a practical way, so that it can be administered without too great administrative costs. But, to give an example, I am thinking of a lady who is now married but who engages in temporary work by relieving cashiers at certain offices and by doing secretarial work for from two to four weeks each year. Certain deductions are made for unemployment insurance. Yet the fact remains that if she worked only two weeks in each year, it would be a matter of about fifty years before she would be eligible for benefits. It is felt, of course, that that is a hardship.

Another class I have in mind is that of farmers who left their farms, I suppose for some very good reasons—I hope that in the main they were patriotic reasons. They left those farms during the war to engage in industrial enterprise, and while so doing contributed to unemployment insurance. Now that the

war is over they have the idea of returning to the farm. Perhaps they have reached more advanced years and for that, or for some other very good reason they feel they should return to farm work. In doing so they are no longer eligible, as farmers, for the benefits of unemployment insurance, and yet have no hope of recovery of the contributions they have made.

I have had certain representations made to me in that connection. I believe I have been able to satisfy these people that they are in the same position as people who carry fire insurance on their buildings. Those people feel they are most fortunate if they do not suffer loss from a fire. If those who were so employed were in a position to avoid unemployment, they made a contribution to something worth while for their less fortunate fellow citizens. Nevertheless these people feel they are being called upon to make a contribution from which they receive no benefit, inasmuch as when they return to their farms they cannot make the claim that they are unemployed.

The other group which comes to mind is that of graduate registered nurses who, I understand, are not eligible for benefits. Yet, Trans-Canada Air Lines employs graduate nurses to perform the duties of stewardesses, and while so employed I understand they make contributions to the unemployment insurance fund. When they leave the employ of Trans-Canada Air Lines, either through marriage or through returning to their former occupation, I should like to know how they can claim unemployment insurance. If they marry and leave Trans-Canada Air Lines they are not eligible; and if for any other reason they have resigned and returned to their former occupations they find that as nurses they are not eligible. Their feeling is that they have made contributions from which they receive no benefits upon their return to their normal professions.

It is with those groups in mind I have referred briefly to the disabilities under which some people feel they suffer. I am thinking of insurance in its broadest sense. When one thinks of life insurance he thinks of a type of insurance from which at some time, sooner or later, someone benefits. The individual himself can benefit during his lifetime, in accordance with the contributions he has made, from purchasing endowment insurance. If he has whole life insurance his heirs will benefit. With this type of unemployment insurance, contributions are being made, and a great deal of administrative detail would be involved if it were worked out in the practical sense I have suggested. However the individual receives no benefit, and neither does his estate if an insured person dies.

So in that sense I have compared unemployment insurance with fire insurance in the sense that a man who has paid fire insurance and has suffered no loss from fire has received no benefits beyond the protection he has had during that time. Unemployment insurance can be looked upon in the same way. It is true that the insured person may receive no benefit beyond the protection afforded during his lifetime.

While listening to other hon. members I have taken note of the vast proportions of the bill, and have concluded it would be wise if the minister would accept the suggestion that the bill be referred to the committee on industrial relations, where it might be more carefully reviewed, and returned to the house in a form in which we might discuss it.

The main theme of my remarks I have already covered, and when the minister speaks I should be pleased if he would refer to the points I have raised, namely those who are classified as temporary help, those who have returned to the farm, and registered nurses.

Mr. GLEASON BELZILE (Rimouski): Mr. Speaker, I offer no excuse for speaking in French, because I had only a short time to collect a few notes on the subject. I believe the French language is supposed to be understood fairly well throughout the house, and for that reason I shall discuss the subject in my native language.

(Translation): Under section 4 of the Unemployment Insurance Act, 1940, the administration of that legislation was entrusted to the commission. It had been deemed accessary that the commission should be an autonomous body and that it should be granted full administrative powers.

Under section 96 of the act, all reports, recommendations and submissions required to be made by the commission to the governor in council, must be submitted through the minister. In other words, the commission is not responsible to the minister as regards the administration of the act, and the minister is merely a link between parliament and the commission.

On September 4, 1942, order in council No. 7994 was passed; the minister was thereby entrusted with the full administration of the Unemployment Insurance Act, 1940, as well as with the application of the National Selective Service regulations, the staff and the offices of the commission being placed under the jurisdiction of the department. That order in council lapsed on April 1, 1946.

What is provided by the proposed amendment to the act as the latter now stands is that the commission should be responsible to the minister as regards the administration of the employment service in Canada which it shall have to organize and maintain. The meaning of the word "responsible" is vague and obscure; that term could certainly be construed as meaning that the commission must account for its actions to the government, but it could, in a wider sense, authorize the minister to direct personally both the policies and the administration and even give him full direction of the employment service. Such is the interpretation the minister gave yesterday and which can be found at page 3106 of *Hansard:*

> Clause 23 makes the national employment service responsible to the minister and permits it to carry out additional duties not within its formal functions.

It is therefore obvious that the minister is undertaking, under this legislation, to perform the work of the commission. During the war there was much confusion among the public and the officials because of the double jurisdiction of the commission and the minister on the commission's affairs. What is now proposed by the bill is merely the perpetuation of that ambiguity.

The commission holds a delicate balance between capital and labour. It consists of a commissioner appointed after due consultation with labour organizations, of a second commissioner appointed after consultation with employers' organizations and of a chief commissioner appointed by the government and representing the public at large. Its functions are, in fact, quasi-judicial in character. Now experience has shown the inexpediency of investing any minister with judicial powers, and I seek no further proof of this than the unwarranted interference of the minister or deputy-minister of National Revenue in the assessment of income taxes.

Part III of the act, in its present form, provides that the Commission shall organize an employment service placed under its own jurisdiction; which means that employers, labour and the government each have their say in the policies and management of the employment service.

The bill proposes that this triple interest be replaced by the single control of the minister who—humanly enough—might be subject to political or even private pressure, whereas the commission is a body corporate independent of political pressures or of private interests.

The result of this change in employment service administration is that the officials of the commission will have to serve two different masters and therefore the public will be at a loss to know how they are standing.

Up to now, the commission's offices housed both the employment and the unemployment insurance services. After the adoption of order in council P.C. 7994, they bore the name of employment and selective service offices. Now they are called national employment service offices, which name denotes but a part of their activities. The local offices are not solely concerned with the placement of people in jobs, they must also attend to unemployment insurance claims, collect contributions as well as issue and recover unemployment insurance books. The impression given by signs displayed on local offices is that they are employment offices exclusively. Some even refer to the national employment service as if it were the whole thing, although it is but one department of the unemployment insurance commission.

At first, the change contemplated in the bill seems inconsequential as far as the unemployment insurance fund is concerned, for it will remain under the administration of the commission who is responsible to the government. However, it appears that, within a short time, the dissolution of the commission will be requested in order to put unemployment insurance under the direct supervision of the minister. Then, there would be strong reasons for claiming that since the employment service comes under the minister, there is no reason why the commission's fund should not. At the present time, the commission is trustee for the fund and it has been created in 1940 to safeguard the interests of both capital and labour and in order that the provinces would feel that unemployment insurance was not administered by a single federal department, but by an autonomous and independent body.

The restriction or suppression of the commission's authority would affect not only the interests of both capital and labour, but also and directly, those of the provinces. From the sole administrative angle the present amendment is unwarranted.

It is evident that the federal government, doubtless with the consent of the provinces, has invaded the provincial field of activities, when they passed the Unemployment Insurance Act. To my knowledge, there are in each province employment offices as well as labour departments. Therefore, friction in matters of jurisdiction is unavoidable and encroachments readily occur; to my mind, in order to avoid such overlapping of jurisdiction and continuous frictions only an inde-

pendent body, outside the jurisdiction of the dominion government and free from any political influence, may look after the problems arising from unemployment and employment.

Further, in my humble opinion, the commission is a monument to that great Canadian, the late notary Joseph Sirois. He was the first to recommend it to the country and later he made it his life work. He believed that he was serving the interests of his country in advocating that problems pertaining to employment and unemployment insurance should come solely within the purview of an independent body, and I believe it would be a departure from the principle of the act to place it under the jurisdiction of the minister.

In conclusion, may I say, in passing, that the Unemployment Insurance Commission is one of the few spheres of government headed by a French-speaking Canadian. There are no longer any French-speaking deputy ministers, except the assistant deputy minister for national defence. Mr. Trottier, the present chairman of the commission, is practically the only representative of my race who has some authority in the government. I therefore suggest that the proposed amendment be modified.

(Text): Mr. N. J. M. LOCKHART (Lincoln): Mr. Speaker, I wish to add only a word or two to what has been said already, because much of what could be said now would be just a repetition and I think there will be a time and a place for that when the bill is before the committee. It seems to me that if we have had an accumulation of $318,000,000 or $320,000,000 in the short period of time that the act has been in operation some special consideration should be given to the more deserving cases and some exceptions made.

I agree with many of the things that were said by the hon. member for Spadina (Mr. Croll). He covered many of the matters that I would have covered had I intended to speak at length. I want to point this out to the minister. In going hurriedly through the bill, I have not found anything applying to student groups. Under the present act, students applying for employment to any legitimate employer are in this position—and numerous cases have come to my attention in the last three weeks—at least this is the interpretation which I would draw to the minister's attention, and I would like him to tell me if it is incorrect. Those students who go to the income tax offices receive a form and are exempt from deduction for income tax purposes. I hope the minister is following me.

[Mr. Belzile.]

Mr. MITCHELL: I am making a note of what the hon. member is saying. I can give him the answer now if he wishes it.

Mr. LOCKHART: They receive a form and are exempt from income tax deduction. But if the same students, under exactly the same circumstances, go to the unemployment insurance offices they are required to take out unemployment insurance books, notwithstanding that they make the same statement as was made to the income tax department, namely that they intend to go back to school in September and continue their studies to a conclusion. I do not find anything in the bill dealing with this, although I had gone through it hurriedly before asking the question.

There will be a number of other matters which I shall raise when the bill is before the house in committee. Maybe it is going to a special committee; I do not know; that would I think, save a lot of time. I hope the minister will give an explanation of the procedure which I have mentioned, and which has been brought to my attention recently on numerous occasions.

Mr. W. F. KUHL (Jasper-Edson): Mr. Speaker, discussion of a bill of this kind always raises some important principles, principles so important that, it seems to me, whether we are to have freedom or not in this country depends on our attitude toward them.

The hon. member for Spadina (Mr. Croll), as well as a few others, suggested that the problem with which we should be concerning ourselves was not so much that of providing better unemployment insurance benefits, but rather that of dealing with unemployment, and it is on that score that I should like to say a few words.

As I have already suggested, this raises a fundamental question in our national economy. In pre-war years we debated this situation at length for many days and months, and we are already concerning ourselves once more with the problem of unemployment and its solution.

Personally I want to take decided issue with some of the objectives which have been both implied and suggested in the debate thus far. We shall never make progress in this subject until we establish sound objectives. In this modern streamlined age those who suggest that to make people work from eight to twelve hours a day is a solution of the unemployment problem are so far from the truth that they cannot even see it. Those who suggest that in this age of technological advancement it is possible for people to derive all their incomes as a consequence of working for eight or ten

or twelve hours a day fail absolutely to recognize the circumstances in which we now find ourselves.

A word first of all in connection with legitimate objectives. I ask seriously, as I have done on many previous occasions in this chamber, is the provision by government of work for its people a legitimate objective; is it sound and desirable; is it the objective of the economic system?

On that point I should like to quote from a book by the founder of the social credit principles, Major C. H. Douglas, entitled, "Monopoly of Credit." This is what he has to say in relation to the objectives of the economic system, at pages 116 and 117:

> In attacking an engineering problem the first point we settle, with as much exactness as possible, is our objective. No engineer observer of the discussions which take place in political and lay circles on the industrial problems of the present day can fail to be struck with the fact that the problem itself is rarely stated with any clearness. For instance, the paramount difficulty of the industrial system is commonly expressed as that of unemployment. Therefore the suggestion involved is that the industrial system exists to provide employment, and fails. Those who are engaged in the actual conduct of industry, however, are specifically concerned to obtain a given output with a minimum of employment and in fact, a decreasing amount of employment. Consequently, those who are talking about industry and those who are conducting industry have in their minds objectives which are diametrically opposed and incompatible.

That is a pertinent quotation which should be considered by each and every individual who presumes to give advice on the subject of employment. We are seeking, I assert, to proceed in two opposite directions at the same time, and that is manifestly impossible. On the one hand, we encourage engineers and inventors to do everything humanly possible to eliminate the number of necessary hours of work. It is quite obvious to anyone; it has been stated repeatedly in this house by hon. members of every party, that one of the greatest contributing factors to unemployment in this day and age is technological, the substitution of power machinery and mass production methods. We recognize that; we say, yes, the machine obviously does displace human labour; yet the very same people who make those statements suggest that we must deliberately put people to work.

I ask, how can we proceed on that basis? Is it reasonable to proceed on that basis? The first thing we must do if we are to make any progress at all in this subject is to lay down a sound objective. To those who are worried about how to find jobs I can suggest a solution in two minutes. Instead of building our highways with the huge machinery we have to-day, whereby one man and one machine can do the work of a couple of hundred people, let us go back to the pick, the shovel and the wheelbarrow; if the wheelbarrows are too big let us cut them in half; if the shovels are too big let us use spoons, and there will be jobs for everybody. Follow the same principle not only in the matter of building roads but in all branches of industry and you will have jobs for innumerable people, twenty-four hours a day, if that is what you want. To those who suggest that the purpose of the economic system is work in the ordinary sense, I say that if they are to be logical that is the kind of thing they will have to do and, in fact, it is the kind of thing that was done in the days preceding the war. They did it in my own constituency in the construction of the Jasper-Banff highway. Roadbuilding machinery was standing on the roadside rusting, while young men with university training were building that highway with picks and shovels, just because it is assumed that a man is not entitled to eat unless he is slugging away at something, no matter how useless it is.

I assert, therefore, that we have to come to grips with this issue. This talk of putting people to work smacks of totalitarianism, and I deny any man the right to tell me to go to work when we collectively and individually have designed machinery to do the work for us. It is contrary to economic progress and contrary to the rights of the individual. We must recognize and acknowledge that we live in an age entirely different from that of our ancestors of even fifty years ago. Let me give one more quotation from Major Douglas. Here is one with regard to the question, how many hours of work would there be available if we used machinery to maximum capacity?

Mr. MITCHELL: Who is Major Douglas?

Mr. KUHL: The founder of the social credit principles, a Scottish engineer, one of the greatest men living to-day. If the hon. gentleman would take time to read his books he would be a little more up to date on the question of employment and unemployment and this country would be a little better off. I recommend the books of Major Douglas to him. If he has not the time to read all Douglas' books, here is a useful compilation of the best extracts from those books, entitled, "The Douglas Manual." I would be glad to lend him my copy. I was about to give another brief quotation from Major C. H. Douglas, in which he deals with the very problem that now confronts the Minister of Labour and will confront him more and more as time goes on. This applies to all those who entertain ideas of putting people, physically capable of working, to work for eight or

ten hours a day. This is what Major Douglas had to say in "Economic Democracy", at pages 85 and 86, in the days before the war:

> It has been estimated that two hours per week of the time of every fit adult between the ages of 18 and 45 would provide for a uniformly high standard of physical welfare under existing conditions, and without endorsing the exact figures, it is perfectly certain that distribution and not manufacture is the real economic problem and is at present quite intolerably unsatisfactory.

That is another quotation with which the minister, I suggest, should concern himself very greatly. The same remark applies to all those who discuss the subject of full employment. There are in this chamber, and outside as well, those who, whenever they hear me and others who share my views making statements such as I am now making, imply, suggest and even directly state that to talk in the manner in which I am now talking is to advocate a loafer's paradise. Anyone who has made a study of this subject knows that it is not so. It is not at all work to which I object. It is being compelled to work, particularly by other human beings, which is nothing less than slavery. I say to the Minister of Labour and to any government that when the people, collectively through their inventive genius, have created sufficient machinery to reduce the working day to six hours, or to four, or to whatever number it may be reduced, and when, confronted with such a situation, the minister says that we are not going to recognize that situation but will put people to work even if we have to set the machinery on the roadside, he and those who take that attitude are assuming a prerogative which is not theirs, and they are actuated by a motive which is anything but democratic and which smacks of totalitarianism.

So far as hours of work are concerned, I believe everyone acknowledges that it is only common sense that, collectively or individually, the workers should not be obliged to do more than such work as the machine cannot do. That is common sense, and if it is not I should like someone to point out to me wherein it is not common sense. Otherwise, what is the purpose of the machine? Repeatedly I have put on the record statistics to show the extent to which power machinery has displaced human effort in this modern age. I have not under my hand at the moment the authority, but I have several times quoted figures to indicate that the average number of man hours per unit of production, for all production in the United States, has declined from 6·3 in 1905 to 2·3 in 1935, and if we had the actual statistics to-day we would probably find that it was 1·3. That has taken place in the last fifty years.

In the face of that, how can anyone suggest that it is physically possible, taking advantage of all the machinery at our disposal, to provide jobs for all who are physically capable of working, so as to furnish them with sufficient incomes with which to buy all the products of industry? It is impossible. I assert, therefore, that the first requisite is to reconcile ourselves to this situation. If we are to permit science to progress naturally, then we shall never again have that combination of circumstances in which everyone physically capable of working can get an eight-hour day or anything like it. So we should not expect of each other that we should be employed in work to bring about the production of essentials and the luxuries of life to any greater extent than the power machine cannot operate. It is evident from the quotations which I have given from Major Douglas that the number of hours that anyone would have to work would be very small indeed in this day and age.

That is just a consideration from the physical facts which stare us in the face. But the greatest objection I have is the approach from the philosophical point of view, and that is the assumption on the part of individuals that they have the right to determine what others should be engaged in. I believe the hon. member for Spadina implied that. I say that we shall have freedom only when people have the maximum opportunity to choose for themselves what they wish to do. What I wish to see in Canada for myself and for my fellow men—and I am speaking particularly on behalf of those who sent me here—is a set of circumstances in which my fellow men and I can choose the things we wish to do, instead of being ordered around and pushed around and shoved about as the hon. member for Spadina indicated. We shall have freedom only when all of us have the maximum opportunity to choose what we wish to do, and we shall never have that opportunity until we have incomes that will enable us to do it.

The greatest concern I feel we should have in the unemployment situation is the matter, not of jobs, but of income. That is what we ought to concern ourselves with; and simply to raise unemployment insurance benefits by contributions, either from the employer or from the government, will not help under existing financial policies.

It has been pointed out that under existing circumstances it is the consumer who pays in the final analysis. What difference does it

make whether the government or the employer, or the worker or the salaried individual contributes? It all comes ultimately from the consumer, and there is not enough in the consumer's pocket to enable him to buy all the products of industry in the first place, even if what the consumer has were not taken from him. That is another position which must be acknowledged by economic thinkers. It is assumed by almost everyone in this house except the members of this group that industry is self-liquidating; that all you need to do is to start an industry, get it going, and automatically it will distribute enough money to buy back its own products. That is one of the greatest economic fallacies which we hear expounded to-day. No industry or business, whether it be a peanut-stand, a corner grocery store or a million dollar corporation, can distribute enough money to buy back its own products. All you are doing under the existing financial policy is redistributing poverty; that is what the whole unemployment insurance scheme amounts to, the redistributing of poverty.

What we need is not a redistribution of existing income, but a greater income. In normal times our income is never equal to our production. We must reconcile ourselves to that fact, and if we proceed to balance our national income by supplementing the incomes of the people to the point where the national income is equal to the national production we can wipe out the whole unemployment insurance bill and all similar legislation. When that takes place our people can enjoy freedom. They will not need to take orders from any government bureaucrat. When their incomes are supplemented by national money to the point where national consumption balances national production people will not only be enabled to acquire the national production but will have the freedom to choose what they wish to do. It makes it possible for machines to be used to the maximum degree and the work-week reduced to the absolute minimum, thereby giving the people plenty of leisure.

A few moments ago the hon. member for Spadina said that people want to work. I deny that. He does not want to work any more than I do.

Mr. MITCHELL: The hon. member is speaking for himself.

Mr. KUHL: Yes, I am, and I resent the imputation that he should set himself up in any way to recommend to me what I should do. I say that is a prerogative which no government official should have.

Mr. CASE: Would the hon. member permit a question?

Mr. KUHL: Yes.

Mr. CASE: Is the hon. member saying that he would pay everyone a national income whether he worked or not?

Mr. KUHL: Yes. Without that you have no freedom. The reason they should obtain this income, or national dividend, whether they work or not is that they are entitled to it by reason of being citizens of this modern civilization. A dividend is not a hand-out; it is the heritage which belongs to the individual whether he works or not. That is a fundamental.

Mr. JOHNSTON: The recipients of the family allowances do not work for it.

Mr. KUHL: The work has been done by our ancestors. We who are alive to-day have contributed nothing to the discovery of electricity, the steam engine, diesel power and all the other inventions which make this great abundance possible to-day. We have simply accepted it, but we have not had sense enough to devise a proper system of distribution to enable us to enjoy the potentialities of production which it is possible for us to enjoy to-day. Certainly I say that this supplement to the individual's income should be received whether he works or not. He must receive it because he is entitled to it, and no one—whether the state or anyone else—has any right to step in between and determine how and where he should spend it. That is the glorious aspect of the social credit philosophy, wherein every man has the right to choose what he is to do, and does not have to take any orders from a government bureaucrat. That is the kind of civilization I should like to see in this country of ours as well as in every other country. Therefore I resent the inference or the direct statement by anyone that he is going to tell me what to do, where to go and what not to do. I want to choose that for myself. I claim that privilege for every one of my fellow men.

What people want is not work in the ordinary sense. They want an opportunity to indulge in leisured pursuits. That is what the Minister of Labour (Mr. Mitchell) privately seeks to do. He does not spend any more time in the house than he has to; he does not write six paragraphs in a letter when he can get away with two. He conserves his energy.

Mr. MITCHELL: He works sixteen hours a day, six days a week.

Mr. KUHL. That is because he has to. If he did not have to do it he would not do it.

Mr. MITCHELL: It is work to sit here and listen to the hon. member

Mr. KUHL: I am not saying what it is to listen to the hon. gentleman; it is worse than work.

Mr. JOHNSTON: The minister is getting personal, in a kindly way, and he should not do so.

Mr. DEPUTY SPEAKER: Order.

Mr. KUHL: I wish to say another word or two on the question of work and leisure. A moment ago I said that privately we are constantly trying to relieve ourselves of our so-called work, not that we might necessarily lie in the shade all day. Usually people who have the opportunity for leisure expend more energy on their leisure pursuits than they do on their normal work. Here is a young farmer sitting on one of these stream-lined, rubber-tired tractors in the heat of the day with a parasol over his head, purring up and down his fields, and if you ask him what he is doing he says he is working. Right across the field there is a young fellow on a football field. He has no hat on his head and he is chasing a pigskin across the field, sweating and burning up energy. When you ask him what he is doing he says he is playing. What is work, and what is play? I should like to have the minister answer that one. Work does not consist of the amount of energy one burns up. What determines work is whether you are obliged to do it or not; that is the only thing that determines it. The thing that determines play is that you choose to do it, even though you may burn up ten times as much energy as you do in your regular work. What everyone is seeking to do is to reach the place where he has the maximum time in which to choose and follow leisure pursuits, whether that be sports or cultural pursuits or what have you.

We shall never be a nation; we shall never reach our height as a nation until we have the right to indulge to the maximum in voluntary self-chosen pursuits. This will be possible only when our incomes are high enough to enable us to enjoy the spare time which is misnamed unemployment and should properly be termed leisure time.

I have said all that I wish to say on this occasion. Perhaps I have exhibited more heat than light; but I must say that I become positively incensed, after being here for ten years and still being obliged to listen to the claptrap on this subject of unemployment and employment, and I simply cannot contain myself any longer. If there is to be any more of this foolish talk—and in my estimation it is foolish talk, then I am going to rise in my place on every occasion and give the house a barrage whether they like it or not.

[Mr. Mitchell.]

Mr. STANLEY KNOWLES (Winnipeg North Centre): After the warning we have just heard I realize that I have to be pretty careful, but I should like to say a few things about the bill which is now before us to amend the Unemployment Insurance Act. It seems to me that the criticisms which we make about this matter, and the suggestions which we offer to the minister and to the government, should be divided into two classes. If I may say so I feel that these two classes of criticisms and suggestions have been somewhat confused in some of the speeches which have been made during the course of this debate.

First of all, there are things which we can say about this act strictly as an Unemployment Insurance Act, and we should keep it in mind, regardless of all the other reforms and social improvements which some of us advocate, that at the moment we are discussing a measure which is simply one dealing with unemployment insurance. On the other hand, having made suggestions directly bearing upon this measure as an insurance proposition, we can then make suggestions to the government as to things that are lacking in our social set-up, which are pointed to by the act now in operation and by the things it fails to do precisely because it is only an insurance act.

Under the heading of things that should be said about it as an unemployment insurance act I draw attention to three matters in particular. Two, I believe, have been discussed already, and I should like to add another. In the first place, I was interested, as other hon. members were, in the statistical job done by the hon. member for Spadina (Mr. Croll) in regard to the rates of benefit. I think he made his case very clear when he insisted that if the act, as an insurance act, is to fulfil its function in our economy the government should give consideration to an increase in the benefits payable under it. I hope consideration will be given that suggestion not just in the distant future, but rather that the proposal of the hon. member for Vancouver East (Mr. MacInnis) will be implemented and this bill sent to the standing committee on industrial relations, where we shall have an opportunity of hearing representations from interested bodies, both management and labour, and can see what may be done even this year along that line.

The second suggestion to which reference has already been made has to do with this question of defining suitable employment. I recognize the difficulty. I recognize also, because I have before me the national insurance act of the United Kingdom, that the definitions in this government's act regarding suit-

able employment are almost word for word the definitions to be found in the United Kingdom act. But what we get into, as the minister pointed out yesterday, is not just the definition of suitable employment laid down in the act, but the interpretation or the understanding and application of that definition by the officials of the commission and those all the way down the line who administer the act. In his speech yesterday in introducing the resolution preceding this bill, the minister said there were employments which might not be considered suitable right away but which might be considered suitable later on. He will remember that last fall he and I had a bit of a dispute back and forth about the tabling of a certain document, which he finally agreed to make public, which showed that he had suggested to the unemployment insurance officers that employment offering a certain reduction in wages might not be regarded as suitable employment three or four weeks after a person lost his job but might be regarded as suitable employment a few weeks later when securing employment seemed almost hopeless. I appreciate the difficulty of defining this, but it seems to me that we are going to get into a great deal of difficulty if we do not find a way of making clearer and more precise what suitable employment is, particularly in terms of wages.

The main feature about unemployment insurance that it has been possible to sell to the working people of this country is that it is distinct from relief in that it establishes a worker's right to benefits. Even when it is argued that the amounts paid at present are not much more than relief, still the fact that the worker does not have to submit to a means test but rather that this is his by right has made it an acceptable proposition. However, when under the latitude that is taken in defining or interpreting the definition of suitable employment there is this stretching of that term and the disqualifying of people who feel they should not be disqualified because they are not prepared to accept employment at a lower wage, we begin to break down that confidence that this is a measure which establishes benefits belonging to the workers by right. I hope this subject alone will appeal to the minister, because he admitted it was a matter of difficulty, as sufficient reason for acceding to the suggestion of the hon. member for Vancouver East that this measure be referred to the standing committee on industrial relations.

The only other point to which I should like to refer while treating this measure as an insurance act is the question of the waiting period. I did not discover in what the minister had to say the other day, nor have I been able to discover in the amending bill now before us, any suggestion of a change in regard to the length of that period. I have recognized in certain instances similarities, indeed in a few particulars almost the exact phraseology, as between this measure and the unemployment benefits sections of the United Kingdom act, but here is a point on which there is quite a difference. In Canada the waiting period is nine days, whereas the waiting period in the United Kingdom is only three days with respect to both entitlement to sickness benefit and entitlement to unemployment benefit. That is another matter it does seem to me should be considered, something that is properly a subject for consideration when dealing with this measure as what it is, namely an unemployment insurance act. Because of these three suggestions, and others that have been presented during the course of this debate, I strongly support the suggestion of my colleague the hon. member for Vancouver East, and I hope the minister is giving consideration to the idea that after second reading this bill should be referred to the standing committee on industrial relations.

At the outset of my remarks I indicated that there is another way to look at this measure, another heading under which to offer criticisms. Some of those criticisms have already been offered, but I want it to be recognized that in doing so we are pointing to something that is admittedly not feasible within an act which is only an unemployment insurance act. Certainly it is clear that the operation of this act has pointed to the need for at least two other features in our whole social security set-up. As many hon. members have pointed out, one of the principal difficulties facing many workers is that they find themselves paying insurance to protect themselves against unemployment arising from the lack of jobs, but many find themselves unemployed not for that reason but because of illness. No matter how much we may try to point out that in such case they cannot receive benefits under this bill because actuarially they are only paying for unemployment insurance, still it is a let-down and a source of disillusionment to them, just as in the case of the farmer who insures against hail but finds that half a dozen other things come to re-destroy his crop. So that the operation of this act is certainly pointing up—and I am sure the minister would agree with me, if only he would fight for it within the government of which he is a member—the need of an over-all programme of social security.

In the past, we in this section of the house have had a good deal to say about the over-all programme of New Zealand and the over-all programme being developed in Australia. I should now like to say a word about the national insurance bill that was enacted by the parliament of the United Kingdom just this year. I have here a number of documents connected with the bill, the actual bill itself and certain command papers outlining the main provisions of the national insurance scheme in the United Kingdom. Part of the explanatory material is as follows:

The bill provides for a unified and comprehensive scheme of national insurance, which will eventually cover practically everyone in Great Britain, and will give the following benefits: Sickness benefit, unemployment benefit, maternity benefits . . .

And there are three types of maternity benefits set out. Then it refers to widows' benefits, of which three types are described. Following this, we find mention of guardian's allowance, retirement pension and death grant.

I could go into details respecting the amounts paid, the benefits received back, and we could get into arguments back and forth. But the chief point of difference between this scheme and the scheme now being brought into effect in the United Kingdom, which is similar to the ones in New Zealand and in Australia, is that in these other parts of the commonwealth there is an over-all scheme which insures the people of those countries, not against only one of the things which might happen to them, but against all those things over which they have no control. It gives to those people the feeling, not that they are paying taxes from which they may receive no benefits—along the lines of the complaints voiced by hon. members to-day—but rather that they are contributing to a national pool out of which they will receive protection against any of those things which may happen to them and over which they can have no control.

Precisely because the Unemployment Insurance Act has been in operation, but does not go far enough, the government must realize, as the people do, that this kind of thing is sorely needed in our national economy, and I hope the minister will fight for it in the government of which he is a member, and not leave the matter to the government which will some day take the place of the present one.

The other point emphasized in connection with the operation of the act was referred to by the minister yesterday afternoon. I refer particularly to what the minister is reported to have said at page 3105 of *Hansard* for July 3, when he was discussing the whole question of suitable employment. Let me pick out only a sentence or two:

[Mr. Knowles.]

Or a man who has reached retirement age for a given occupation cannot hold out for employment of that kind. Similarly, there are certain skills which were required during the war which have little or no place in a peace-time economy. Then there are always circumstances peculiar to an individual claimant . . .

As I listened to the minister yesterday and read his speech to-day, it seemed to me there was a recognition of the fact that unemployment insurance is only a last-ditch protection, and that what is needed, despite what has been said by the hon. member who just preceded me—and I shall say a word about his remarks in a minute—is a programme which will provide for full employment.

I take second place to no one, not even to the previous speaker, in my insistence that the hours of work of our Canadian people should be reduced, and reduced far beyond any goals we have yet tried to establish. The aim of life is not just that of working to eat and eating to work, *ad infinitum;* surely it is on a higher level than that. But I believe we should realize that when we advocate full employment we are not thinking of employment as an end in itself but rather as a means to bring about the provision of a sufficient quantity of goods and services so that our people can live a life on a higher standard, as has been envisioned by so many of us.

That is not all that can be said about employment. It is also to be noted that employment signifies participation by the people of a community such as ours in the production of the things that they, in turn, can enjoy. The fact is that employment is not an end in itself but an index of whether or not we are achieving our goal of production, and thus a steadily rising standard of living. Unemployment insurance will not do that, but full employment will.

Mr. KUHL: What is full employment? Define it for us. Is it eight hours a day, or twenty?

Mr. KNOWLES: It might be eight or twenty or even two.

Mr. KUHL: Who will determine that?

Mr. KNOWLES: Full employment is the use of our energy and our resources to produce as high a standard of living as the people of this country want. That is not clap-trap; rather it is a matter of taking an attitude of responsibility. I say, too, that in a world such as this which is torn asunder, a world which is lacking in goods and services and in which there is so much suffering, starvation and want, there is a moral responsibility placed upon the human race to do a bit of

work and to attempt to produce a quantity of goods sufficient to make possible a better life the world over.

Along with that, by all means let us aim at a reduction in the hours of labour. Let us aim at the elimination of drudgery, and let us realize that the man who, of necessity, must work even at the most menial task, or a task involving the greatest amount of drudgery, is, after all, a human being entitled to the same spiritual, cultural and social amenities and privileges in life as any other person.

We are not going to accomplish this by falling back on unemployment insurance. The difficulties mentioned yesterday afternoon by the minister, when he explained how we must be prepared in many instances to settle down to lower rates of pay in order to have suitable employment, and his reference to the fact that certain people who developed war-time skills have had to accept occupations in which those skills were not required, suggest that we need, not just a measure to fall back on, but an aggressive policy designed to increase employment, and for the production of all the goods and services we can possibly produce.

We shall achieve that purpose only when we accept as our aim, not production for greater profit, but production for the use and needs of our people. I leave the subject at that, in the hope that the minister will agree to the suggestion that the bill go to the standing committee on industrial relations. If this is done the provisions of the bill can be dealt with in detail, and needed improvements made. I have in mind particularly the rates of benefit, the defining of suitable employment, and shortening the length of the waiting period. We could also discuss in that committee those further steps we must take to achieve a proper economy and a proper degree of social security for our people, toward which unemployment insurance is only a short step.

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

On section 1 —Working week.

Mr. GRAYDON: Before we proceed to debate the bill in committee, I should like on two grounds to offer objections to the consideration of this bill in the manner in which the government now proposes to proceed with it. I had hoped that before second reading was given to the bill the minister would have given some explanation for the government's reasons for referring this bill to committee of the whole. In my opinion, this bill is one which should properly be sent to the committee on industrial relations.

When the unemployment insurance bill was before the house in 1940 a great deal of information was obtained and there was a great breadth of discussion which took place and which proved of exceptional value to the country as a whole. Not since 1941 has industry, labour or the public had an opportunity of appearing before a committee of the House of Commons. The minister was not the minister at that time, but I know he has read the proceedings of the committee of 1941. I am sure he will agree that there have been few committees of this house which have done more valuable work in the interests of industry, labour and the public generally. I think we are entitled to ask the government to send this bill to a similar committee.

There are many things that cannot be done in committee of the whole, such as the examination of witnesses and the like. In addition, there is a time element involved. The whole House of Commons is anxious to proceed as quickly as it is humanly possible with the work of parliament in order that we may be finished before the end of the year. This is a time when valuable time should be saved if at all possible. By sending this bill to a committee, not only could the time of the house be saved but valuable contributions would be made to the evidence which was presented to the committee in 1941.

The committee of 1941 was dealing with a wartime situation and we are now being asked to deal with this whole question of unemployment insurance from a peacetime point of view. I ask the minister to send this measure to the committee on industrial relations, and I base my request on the two grounds I have given. I think they are of sufficient weight to warrant his not overlooking the objections which have been made from this side of the house. I ask the minister, I appeal to the minister, I urge the minister to alter his decision with respect to this bill and move that it be sent to the committee on industrial relations.

Mr. MITCHELL: I had intended to answer some of the questions which had been put by the hon. member for Winnipeg North Centre and other hon. members. I have no objection to sending this bill to a committee, as is suggested by the acting leader of the opposition. I am in the hands of the house in that connection. However, I would point out that recently there was a meeting of the advisory committee of the commission. Public hearings were held, and the organizations interested had an opportunity of appearing before that committee and making whatever representations they wished.

At this late stage in the session we want expedition. After all, there are only three major changes being made in the act. One is the amendment dealing with merchant seamen; the second covers the powers given to the minister in connection with the employment service, and the third fundamental change is the amendment which grants the right to a person to earn $1.50 a day instead of $1 and still receive the benefits.

I must take the advice of lawyers, and we have endeavoured to rearrange this bill so as to make it understandable. It looks like a lengthy piece of legislation; but, as I say, there are only three fundamental changes. If my hon. friends desire that it be sent to the committee, I am quite prepared to have the bill sent there. I would point out that there are many committees sitting at the moment, and I do not think we could get witnesses to come before this committee in less than two weeks. This is holiday time for most people, with the exception of members of the house and officials of civil service who are advising us—

Mr. MacNICOL: That is coming soon.

Mr. MITCHELL: We hope so. I am simply pointing out the practical difficulties. Any question of increases in rates must, of necessity go before the advisory committee. That is a matter requiring long study; it is something that could not be done overnight in a committee of the House of Commons. I am in agreement with my hon. friends; I should like to have the benefits as high as they possibly can be within the realm of sound administration. One hon. gentleman referred this afternoon to non-contributory unemployment insurance. We have battled that out in this country. Some seem to think that it is the easiest thing in the world to take everything out of the barrel and put nothing in. The labour and employer organizations of this country understand the basic principles of contributory unemployment insurance.

Mr. KUHL: Share the poverty.

Mr. MITCHELL: Share the poverty; share the sense. Perhaps my hon. friend would start off by being sensible.

Mr. KUHL: You will learn by and by.

Mr. MITCHELL: We are trying to be sensible about this, not humorous. If hon. gentlemen want this bill to go to a committee I have no objection. Frankly, I think there will be more expedition if we proceed with the bill at the present time. The meetings of the committee might be long delayed and we could not get the bill back to the house within a reasonable time. The amendments affecting returned veterans and merchant seamen are of fundamental importance at the present time. What I am fearful of is that we may run into difficulty and the session may be prolonged. The hon. member for Vancouver East who knows more about unemployment insurance than any hon. member in this house—

Mr. MacNICOL: I cannot admit that.

Mr. MITCHELL: The hon. members who have spoken this afternoon are interested, like myself, in this matter. Those hon. members will be in the front rank when we are discussing the questions I have just mentioned. I think we can carry on that discussion just as easily here and do it once, rather than allow the bill to go to a committee where the matter would be discussed, and then be discussed again in committee of the whole.

Mr. MacINNIS: I agree with the hon. member for Peel that this bill should be sent to a committee and I do not think it would delay the work of the house. The Minister of Labour has said that there are only three major changes, but that is not the important feature in connection with unemployment insurance. It is the parts that have not been changed that we are worrying about, not the parts that are changed. The two national labour bodies and the running trade have their national offices here and could make representations to the committee in a short time.

Mr. MITCHELL: I would point out that the two labour organizations to which my hon. friend refers appeared before the advisory committee only two weeks ago. I repeat, if my hon. friends feel that the bill should go before this committee, I am ready to consent.

At six o'clock the committee took recess.

After Recess

The committee resumed at eight o'clock.

Mr. MITCHELL: Mr. Chairman, I have consulted with the acting leader of the opposition and with the—I think—acting leader of the C.C.F., and it has been decided that we proceed.

This afternoon there were one or two matters raised which I should like to clean up right away. The hon. member for Vancouver-Burrard asked about the numbers receiving benefits. During the month of May a total of 127,866 persons received benefit payments amounting to $5,221,870, or 2,719,245

compensated unemployed days, compared with 158,168 persons who were paid $7,011,579 for 3,446,271 compensated unemployed days during April; and 22,294 persons were paid $672,869 for 349,996 unemployed days in May, 1945. The average duration of the unemployment compensated was, then, 21·3 days in May, 1946, 21·8 days in April, 1946, and 16·4 days during May, 1945. The average amount of benefits paid per beneficiary was $40.84 in May, 1946, $44.33 in April, 1946, and $31.60 in May, 1945. The average amount of benefits paid per compensated unemployed day was $1.92 in May, 1946, $2.03 in April, 1946, and $1.92 in May, 1945.

Mr. MERRITT: Did the minister say that the average time for each unemployed person in receipt of benefits was sixteen days?

Mr. MITCHELL: No; 21·3 days in May, 1946, 21·8 days in April, 1946, and 16·4 days during May, 1945.

The hon. member for Grey North spoke about nurses. Nurses have been covered under the act since 1943; that is, excepting practical nurses. That takes care of that benefit. The hon. member for Lincoln raised a point about students. That is an insurable risk, and the benefits accrue while they are working in industry. For reasons best known to themselves those benefits are maintained for five years. The average cost of the benefit is about six cents a day. In an insurance item like unemployment it is necessary to cover everybody, and that is the reason why nurses and students are covered similarly with other persons in industry.

Mr. LOCKHART: What I was trying to get at is, why the exception in one department and not in the other?

Mr. MITCHELL: One is income tax, and the other is the risk involved in unemployment.

Mr. LOCKHART: It seemed inconsistent to me.

Section agreed to.

Sections 2 to 5 inclusive agreed to.

The CHAIRMAN: Section 6. Carried.

Mr. MacINNIS: Mr. Chairman, I wonder if you would go a little more slowly. We have had this bill before us for only a few hours. We cannot follow it as fast as you can read it.

The CHAIRMAN: I will read a little more slowly.

Section agreed to.

On section 7.

Mr. KNOWLES: Section 7 is really the substitution of new clauses for sections all the way from 27 to 49. I suggest, Mr. Chairman, you might call them individually.

The CHAIRMAN: Under the general heading in section 7 is the whole of new section 27, "Right of insured person to insurance benefit." "Payment of benefit where applicant a juvenile, a person of unsound mind, or deceased."

Mr. MacINNIS: Before we leave new section 27, this section defines conditions of receiving benefit. It states—

(b) capable of and available for work; and
(c) unable to obtain suitable employment.

There has been some discussion of this matter of "suitable employment," and I would ask the minister to explain the procedure now followed in ascertaining whether the employment offered to a person in receipt of benefits is suitable employment or is not suitable employment, and under what circumstances a person is denied benefit if he does not accept the "suitable employment" offered by the commission.

Mr. MITCHELL: I have here a brief dealing specially with that, which I might read:

In view of the provisions of the act and the conditions resulting from the war the commission has taken the view that a reasonable interpretation can be made along the following lines:

1. Where claimants have had technical training and experience in a skilled occupation they should be allowed a considerable period to find work in their own occupation before being required to make a complete change in their occupation and sacrifice their training and experience. The extent of the change of occupation involved would have a bearing on the interval allowed. For certain specified groups of skilled workers, the commission has instructed its offices to allow a period of three months before a change of occupation is insisted upon, provided that employment in the claimant's usual occupation has a place in a peace-time economy and that he is not barred from the occupation by reasons of age, physical deterioration, et cetera.

2. Occupations which have many of the same characteristics may be segregated into groups. If employment is not available in the claimant's usual occupation he may be offered employment in another occupation in the group in which his usual occupation falls. Because of the similarity of the occupations in this grouping a comparatively short period of unemployment is a reasonable interval.

3. The extent of the contrast between wages and conditions of work in the usual occupation and the other occupation has a bearing on the period allowed before a change of occupation was insisted upon. The commission does not require claimants imemdiately to accept very much lower rates of wages. However, following the war period the employment available for some of them may use only pre-war skills and may be at lower rates of wages than those to which they have become accustomed during the war. The period allowed for a change of occupation which includes a lower rate is therefore made progres-

sive. For instance, employment in another occupation at a wage rate of 5 cents an hour lower is considered suitable for some claimants after three weeks of unemployment, while an occupation paying a wage rate of 10 cents an hour lower would be considered suitable only after four weeks of unemployment.

4. Other factors taken into account by the commission are the number of years the claimant has been employed in his usual occupation, provided it is a skilled occupation; distance of work offered from the claimant's home; prospect's of work in his own occupation, either in his own district or in another district; domestic responsibilities of the claimant and adaptability of the claimant, particularly where employment is in another part of the country.

5. Workers discharged from purely war work in plants, for example, shell-filling plants, where there are few if any similar skills required in peace-time industry, may be offered employment in another occupation with practically no interval allowed.

6. Persons who have been transferred from one part of the country to another to engage in war industry and who choose to return to the areas in which they formerly resided, may reasonably be expected to accept any work available in those areas without any interval.

7. Workers trained in specific war jobs with previous experience in some other occupation should be allowed only a short interval before being required to accept employment in an occupation in which they have had some experience.

In addition to that, we have set up across the country courts of referees composed of a chairman and representatives of the trade union and employers, and from these courts of referees there is a further appeal to the umpire. Probably my hon. friends have had more complaints than I have, but as a rule any complaints that are made funnel into the minister's office and those I have received up to now have been few and far between. In Great Britain they have had the same difficulty with much longer experience than we have had. We are just moving into what might be called the administrative period in the application of unemployment insurance. With the end of the war and the reconversion of industry, a measure of unemployment in any country that was engaged in the war—any free country at least—is inevitable, and in Great Britain they have had a measure of unemployment. To-day there are between four hundred thousand and five hundred thousand people registered for unemployment insurance, notwithstanding the fact that there the labour situation is much tighter than in Canada. I would assume that, in the light of the experience gained by the courts of referees and by the umpire, we shall be able to build up a system of precedents that will permit the orderly administration of this difficult aspect of the Unemployment Insurance Act.

Frankly, I do not believe that we have had enough experience because in this country this is a virgin field of a kind that does not exist in Great Britain, where they have not the same seasonal employments that we have in the dominion. However, I think it can be stated that the courts of referees, the insurance officers, and the umpire will, in the course of the day-by-day application of this vital and difficult aspect of the administration of this measure, build up a method of procedure which, in the light of experience, will meet the situation in Canada. We have at the moment seven thousand cases before boards of referees.

Mr. MacINNIS: The act provides for the training of persons who have lost employment, in order to fit them for other work. Before a person is compelled to take what the commission regards as suitable employment, what provision is made to train such persons for such employment if they are not already fully qualified?

Mr. MITCHELL: That problem has not been a difficult one up to now. Of course we have thousands of veterans in training under the jurisdiction of my department. We have not so many civilian war workers. One of the most amazing things is this. At the collapse of Japan I had jurisdiction over the selection, and power of direction, of the men and women in the industrial and agricultural life of the country. I came to the conclusion, against the advice of many people, that the quicker we got rid of these controls, the better it would be for Canada, and in about four months we put more than a million people, through the employment service, into the employment stream of Canada, which is an indication—if we get suitable labour relations—of the ability of this country to face up to the problems of peace and a measure of full employment. Of course we are interfered with by conditions in other countries. The coal strike in the United States, and more particularly the steel strike, had a great impact upon employment conditions in Canada. But we expect, should the need arise, to be able to expand the application of the training of war workers in vocations necessary to fit them into the industrial and commercial life of the country. The pressure, however, has not been great up to now.

Mr. MacINNIS: Can the minister explain how the new part of subsection 2 of the clause operates?

. . . in the case of a deceased person or a person of unsound mind, benefit may be paid to any person who, in the opinion of the commission, is equitably entitled thereto . . .

Under what conditions would benefits accruing to a deceased person be paid to someone else?

Mr. MITCHELL: The benefit due to him when he dies is paid to his heirs.

Mr. MacINNIS: That means that if he dies while drawing benefits they will accrue to his heirs?

Mr. MITCHELL: Yes.

Mr. JAENICKE: "Is equitably entitled thereto". What does that mean? I can understand "legally entitled".

Mr. MITCHELL: It simply means that he is not getting the benefit under false pretenses. There are sometimes cases where people do get benefits under false petenses.

Mr. PROBE: I was interested in what the minister said with regard to the terms under which his department might consider employment suitable. There is in the February issue of his official publication, the *Labour Gazette*, a case which I should like to have him comment upon briefly—CU-B44. In this case an instrument mechanic was receiving seventy cents an hour and, presumably on the basis of a forty-four hour week, would receive $30.80 a week. When the work in the aircraft plant in which she was engaged was discontinued, work was offered her subsequently through the employment service at $15.30 a week. She appealed to the court of referees and the decision that was given was, in effect, that this was considered suitable employment. The job offered was an elevator operator's job at $15.30, which in my province is below the minimum wage. If that is what the minister had in mind as suitable alternative employment, it seems to me that this clause does not mean a great deal. Were there any extenuating circumstances in this case? It is printed here and therefore I judge that it is a type case.

Mr. MITCHELL: I am not familiar with the case to which my hon. friend is referring. Apparently it was the decision of the umpire. A good many factors may enter into it—what the worker did before the war, the interval of unemployment during which benefits were drawn, and so on. All these things will enter into it. My hon. friend can see that if it is the decision of the umpire it came up through the boards of referees in Regina, was it?

Mr. PROBE: That I cannot say. It was in the *Labour Gazette* and I took it to be typical.

Mr. MITCHELL: If my hon. friend would like to see the full judgment I shall be glad to get it for him.

Mr. FULTON: This new section 27 refers to insured persons. For the sake of information, would the minister outline briefly the history behind the apparently traditional exception of agricultural employees from the category of insured persons? It is important in our province where agricultural work is seasonal work. I am sure there are difficulties.

Mr. MITCHELL: I do not desire to take up too much of the time of the committee, but those of us who followed the establishment of unemployment insurance in Great Britain will remember that it started off with six trades covered, if my memory serves me rightly. We started off with a much larger coverage than that. In commencing their scheme in Great Britain, they were fortunate in that there was comparatively full employment. We were fortunate in Canada in that we were able to build up a fund because there was comparatively full employment in this country. In Great Britain, where they have social cohesion and climatic conditions somewhat different from what they are in Canada, where employment in farming is more or less looked upon as a trade or calling, it was twenty-five years after the inception of the plan in that country before agriculture was brought within the orbit of unemployment insurance. I hope it will not take twenty-five years for us to do it in Canada, particularly in my hon. friend's province where climatic conditions beyond the coastal range are similar to what they are in Great Britain and in New Zealand, in that there are not the great extremes of climate which we have in eastern Canada. In the light of the length of time since the inception of the plan in Canada the tempo of movement in the coverage under the act has been far greater than in any other country that I know of. Certainly it has moved with greater expedition than in Great Britain.

Mr. FULTON: The minister then looks forward to the day when agricultural workers will be covered?

Mr. MITCHELL: Certainly; I look forward to the day when every man and woman working gainfully in this country will be under the scheme.

Mr. MERRITT: Would the minister answer the question I asked him on second reading with regard to insurance officers? Do they take their instructions from the minister or from the unemployment insurance commission? Whose employees are they?

Mr. MITCHELL: They take their instructions from the commission.

Mr. GRAYDON: Who are the members of the commission?

Mr. MITCHELL: The members are Mr. L. J. Trottier, chairman, Mr. R. J. Tallon, nominated by labour, and Mr. George W. Ritchie,

who is the nominee of the employers' association. Mr. Tallon is from Calgary, Mr. Trottier from Montreal, and Mr. Ritchie from Toronto.

Mr. KNOWLES: Has the memorandum on the question of suitable employment from which the minister read a little while ago been given publicity? Has it acquired the force of law? Perhaps one way to get that answer is to ask whether in dealing with these matters the referees go back to the act and make their own interpretation, or are they governed by the principles in the memorandum which the minister read?

Mr. MITCHELL: These are for insurance officers only; the referees, of course, go back to the act.

Mr. KNOWLES: The minister knows that some of us are quite worried about this memorandum. I hope he will not say that we are being political. I say that before he does, because it is a matter of deep concern. A good many trade unionists who are not necessarily political have spoken to me about it. Let me be quite frank about it. Having made that preface, may I say that I have had trade unionists come to me in Winnipeg and say that these instructions which have been given to insurance officers seem to have the effect of depressing wages. It looks as though the government is trying to say to war workers, the party is over and you might as well accept the inevitable and come down to these lower rates of pay. There are cases such as that which my colleague, the hon. member for Regina City referred to, and one or two about which I have written the minister. They are people who were in war work, and they were told to take employment at lower wages. It was done on the basis of this memorandum which says that five cents an hour less might be suitable employment after three weeks, and ten cents an hour less might be suitable employment after four weeks. These provisions, if not properly understood, do give rise to the feeling that the government is saying to workers, accept the inevitable and come down to a lower wage rate in the post-war period.

Mr. MITCHELL: Let me say this without equivocation. This government has no idea of that kind in mind whatsoever. I am speaking of the government now. Let us wipe that completely out of our minds.

Mr. KNOWLES: I wish you could wipe out the memorandum.

Mr. MITCHELL: That is all right. I shall come to the memorandum in a minute. There is the other side of the medal, namely, administration. This is not sentiment; it is administration. If my hon. friend has had any trade union experience he knows that you have difficulties and complexities in connection with unemployment benefits in trade unions. There has to be a rational administration, or else the unemployment benefits go down the drain and it is not solvent. Unfortunately all people are not honest. The memorandum is merely a guide. After the insurance officer has made his decision, the employee has the right to go before a board of referees composed of an equal representation of labour and management with an impartial chairman. In my experience I have found that if you have a good case you need have no fear of going before a tribunal of that description. If employees do not get from the board of referees what they consider to be justice they still have the right to appeal to the umpire. I do not think I can say much more than that. I am a great believer in the system of adjudicating disputes. We would have less trouble in the industrial field to-day if the orgainzations we set up, composed of employees and employers, were given the respect to which they are entitled by people who ask for representation on these boards or commissions or whatever the case may be.

If my hon. friends have any suggestions to make—and no doubt next year in the light of experience they will have—we shall be glad to receive them. We shall find difficulties arise, and we shall possibly find out that some of our approaches to the problem are not in the best interests of the people concerned. My hon. friend can rest assured that as far as I am concerned—and I am sure that this is true of every hon. member—what we have in mind, and nothing else, is that the man who is entitled to insurance by right, because he has contributed to it, shall have every ounce of justice to which he is entitled. We cannot go much farther than that.

Mr. KNOWLES: Just this further word; I appreciate the position the minister is taking, and he is being perfectly logical so far as the administration of the Unemployment Insurance Act is concerned. But I want to say that the man who has lost his employment at a fairly good wage rate and is forced to take employment at a lower wage rate does not regard it as the last word in justice merely to get his unemployment insurance, which is a lower rate still. He wants another job at a rate somewhat comparable with that which he had during the war. My concern with this memorandum is not so much that it is vitiating the Unemployment Insurance Act as that trade unionists feel that it has a depressing effect on the wage level generally.

Mr. JOHNSTON: Perhaps I was wrong, but I took it from the minister this afternoon that this memorandum had been withdrawn. Is it still in force?

Mr. MITCHELL: I do not know what my hon. friend is referring to.

Mr. JOHNSTON: I am referring to the memorandum which was referred to by the hon. member for Winnipeg North Centre.

Mr. KNOWLES: The one the minister read from a while ago.

Mr. MITCHELL: No; it is in operation.

Mr. KNOWLES: It is the one the minister did not want to table last fall. It was secret then.

Mr. MITCHELL: I can give my hon. friend a copy of it. There is no secret about it.

Mr. KNOWLES: Not now; I already have it.

Mr. JOHNSTON: It says that work which may not be suitable this week may be suitable next week, perhaps at five cents an hour less, or that two weeks later it may be suitable at possibly ten cents an hour less. From what the minister said I took it that the memorandum had been withdrawn.

Mr. MITCHELL: No.

Mr. JOHNSTON: It is still in force?

Mr. MITCHELL: Absolutely.

Mr. JOHNSTON: Then I must agree with the hon. member who just took his seat that it does leave a bad taste in the mouths of employees when they know of the existence of such a recommendation to the board. From what the minister said a moment ago I do not believe that is his intention. He gave the word of the government that it was not the intention that people should go to work for less; but this memorandum definitely directs the officers to offer work one week, and if it should be found unsuitable because of lower wages it indicates that the same work might be offered to the same individuals the following week. The inference to be taken might well be that since they will be a little harder up by then they will be more susceptible to the offer. I do not think any other interpretation could be put upon it. The minister said a moment ago, and I take his word, that this was not the intention; but most assuredly anyone reading the memorandum can take no other meaning from it. Then, if you take what the minister said yesterday, that what is not suitable to-day may well be suitable a month from to-day, and put the two together, you would almost think the minister was supporting this memorandum, though I do not think he is. So that I believe it would be only fair to the workers and to the minister himself—because this will be a difficult thing to administer—to withdraw the memorandum and replace it with something else that would give a clearer indication of the government's policy. This is a most dangerous and most unsatisfactory thing to leave in the hands of the officers.

Mr. MITCHELL: Let me ask my hon. friend this very simple question. What would he do with a woman welder in an aeroplane plant who, prior to the war, had been a domestic servant?

Mr. JOHNSTON: Let her get married, if she wants to.

Mr. MITCHELL: All right; if my hon. friend would put that in the memorandum.

Mr. JOHNSTON: The minister is now trying to evade the question. Here the board has definite instructions—

Mr. MITCHELL: No, it is not the board. That is a guide to insurance officers.

Mr. JOHNSTON: Well, perhaps I used the wrong term. Here is a guide to the insurance officers. It is not only a guide; it is more of a directive.

Mr. MITCHELL: No, it is not.

Mr. JOHNSTON: You might almost call it a directive. Here they are directed that they can offer men work and, if it is not suitable, they can just sit back and say, "Well, we will wait for a week and perhaps then he will be more susceptible." Then, when the man comes back a week later he may find the wage rate lower still. I think the influence is bad, and I believe the minister agrees with me. In my opinion he would be well advised and the officers of his department would be well advised to have that memorandum withdrawn entirely and something more palatable put in its place.

Mr. MITCHELL: As I pointed out, nobody is all-wise, but we all try to be fair. That is not a directive; it is merely a guide. In my hon. friend's own province of Alberta a good many people left agriculture and went into war industries for reasons best known to themselves, patriotism and what have you. With the contraction of war industry and the shortage of farm labour, they have been given the privileges that were extended during the war, in that they did not have to enter the armed forces as long as they remained in agriculture and moved backward and forward between agriculture and war industry according to the season. Under those circumstances and in a

democracy I think they should go back to agriculture. I have pointed out that there is a tremendous shortage of farm labour, and we must not forget that in Alberta we are still using German prisoners of war and conscientious objectors. You cannot laugh that off, as an administrative responsibility.

As I say, I am not responsible for this; it is the responsibility of the unemployment insurance commission, but they are dealing with a difficult problem. I think I have given this analogy in the house before, but it is like a man writing a piece of music. He thinks it is fine when it is on paper, but when it is played on the organ it may not sound quite so good.

Mr. GRAYDON: It depends on who is playing the organ.

Mr. MITCHELL: That might be true. It is the same with an act of parliament, the constitution of a farmers' organization, a trade union or a fraternal society; the only way to find out whether a thing works is to play it on the organ. In this case we are dealing with applicants for unemployment insurance benefits. I think I can say that the commission as such do not want to do anything that is not fair and just. If, in the light of experience, this does not work successfully, no doubt the commission will change its guide to the insurance officers. It must be remembered, however, that they do not have the final word. There is always the court of referees and then the umpire. Having had some experience in the appointment of these courts of referees across this country and some knowledge of the people who make them up, I feel certain that claimants for insurance benefits will be treated with justice and fairness. After all, it is a human thing.

Mr. MacINNIS: May I preface the question I am going to ask the minister by making two statements. First, I want to say that in any event, as far as I am concerned the minister may take it that I appreciate the difficulties of administering the Unemployment Insurance Act; as I said this afternoon, first, because it is new legislation operating in practically a new field, without experienced administrators or experienced staff. The second thing I should like him to know is that as far as I am concerned I will not try to press upon him anything I would not do or try to do myself in the circumstances. I do not think I need say anything more to prove my fairness in dealing with this matter. But I think we as a parliament must be vigilant in these things because, as my hon. friends to my right are so careful to point out on every possible occasion, bureaucratic boards may get into the habit of ordering people around. Consequently we have to be on guard here and, if there is any need for criticism, we should offer that criticism as a guide and suggestions to those boards. That is the way in which I approach the matter. I do not for one moment doubt the sincerity and the desire of the unemployment insurance commission to administer this act fairly and efficiently. I have had some correspondence with them. I have also held conversation with them, and I am convinced on that point.

But in this circular 34 there is an item which the minister did not read. I should imagine he has not read it all, and I am not suggesting that his not having read it is any indication that he has tried to hold anything back. Section 11 at page 3 of the copy I have states:

> If an applicant is seeking employment in an occupation which is no longer found in his locality, he must be prepared to change his residence if he still desires work in that occupation.

What help is given a person under these circumstances who may have to move from one locality to another? He may be put off unemployment insurance benefits, and move to another area.

Mr. MITCHELL: Under the wartime regulations we established extensive arrangements to pay the fares of people moving from one part of the country to another. The commission has the power to advance those fares.

Mr. PROBE: I wish to refer back to the unfinished symphony to which the minister referred a minute ago because, as near as I can see, it is working out, not as a symphony, but as a raucous discord. I still wish to emphasize that in the cases cited by the *Labour Gazette,* which are considered satisfactory I have no doubt, or they would not be printed here—they are type cases—a person who was receiving $30.80 a week for a normal 44-hour week is directed into employment at $15.30 a week. Those are the facts in connection with case CU-B44 of June 27 of last year. I maintain that the policy which the minister has explained, and which apparently he is translating into instructions to his insurance officers, his courts of referees and his umpires, is doing nothing but degrade the wage scale across this country. I say that $15.30 a week is below the minimum wage of our province; and if that is suitable employment in the opinion of the Minister of Labour, then I say he is far from the right track, so far as getting a labour symphony is concerned.

Mr. MITCHELL: Let us get on with that symphony. My hon. friend is quite clear in what he says. I do not know the case he is

talking about, but I understand the figures he has given. Let me tell him what the change has been. There is an appeal to the court of referees and then an appeal to the umpire. My hon. friend is not suggesting to me that I should tell the umpire what to do, is he?

Mr. PROBE: Well—

Mr. MITCHELL: Just a minute; you have had your say. Just sit down for five minutes. I shall give figures to support my contention. I do not know the case he has mentioned, but I say that I never would be afraid to go before an impartial umpire or arbitrator if I had a good case. If one comes to the courts with clean hands, that is all he requires.

Out of 145,000 claims there were 7,000 appeals to courts of referees; and out of those 7,000 there were only forty appeals to umpires. When you are operating in a big way, that is not a bad record.

Mr. PROBE: I would say it is good.

Mr. MITCHELL: It is not bad. I do not know anything about this girl about whom my hon. friend speaks. I do not know what she did before the war. My hon. friend probably knows her better than I do.

Mr. PROBE: I wish I did.

Mr. MITCHELL: He has said that she is an instrument maker.

Mr. PROBE: That is what the *Labour Gazette* says.

Mr. MITCHELL: Well, she claims to be an instrument maker; but she may be the only person in the world who thinks she is an instrument maker.

Mr. PROBE: May I say—

Mr. MITCHELL: Just a minute, now. The mere fact that it is on paper is not proof, and any person who has had experience in industrial operations appreciates that. Before the war she may have been a stenographer or a domestic servant on a Saskatchewan farm; I do not know what she did. However, I will say this, that I have set up a good many boards and commissions; but I have not yet taken the position that, once established, I should tell them what to do. A procedure of that kind would be in direct contradiction of everything our institutions stand for, everything we believe in.

Mrs. STRUM: Has the minister any way of ascertaining whether or not these claims are correct? I dislike the implication in the minister's remarks to the effect that people who fill in these papers are falsifying the record.

Mr. MITCHELL: If my hon. friend got that impression, I am sorry. What I meant to imply was that sometimes they do; it is possible. Human nature is a peculiar thing; it ebbs and flows, and there are variations of it.

Mrs. STRUM: Yes; I understand all that.

Mr. MITCHELL: But I am not suggesting for one minute that people make out these claims dishonestly. I do not believe that, and neither does anyone else in the chamber. Unfortunately, however, once in a while somebody robs a bank.

Mrs. STRUM: My question was: Have you any way of checking on these applications?

Mr. MITCHELL: I thought I had explained that.

Mrs. STRUM: No; you just told me about human nature.

Mr. MITCHELL: And if I may say so, to my hon. friend, human nature is sometimes a strange thing.

Mrs. STRUM: I am talking about checking the records.

Mr. MITCHELL: Yes, there is a record, absolutely.

Mr. CARDIFF: I understand that unemployment insurance does not apply to farm labour.

Mr. MITCHELL: That is so.

Mr. CARDIFF: How will it apply to farm labour that was induced to enter industry last fall and to work there all winter, after the farming operations were completed? Were those men sent back to the farms, where they belonged, or are they now under unemployment insurance?

Mr. MITCHELL: I assume that most of them went back to agriculture; at least I hope they did. Of course, during the war my department had power of direction. We could insist that when they left the farms in the winter and entered industry they were to go back to the farms in the summer. But, as my hon. friend knows, shortly after the collapse of Japan those regulations were repealed, and there is free employment of labour in Canada at the present time.

Mr. CARDIFF: I believe that was true during the war years. But the trouble is that at the present time it is utterly impossible to get farm labour. Why? One reason is that the farmers cannot afford to pay the wages being paid in industry. Another reason is that farm labour was taken into industry a year or so ago and has not been sent back.

Mr. HAZEN: Speaking of robbing the bank, I believe there are some instances where unemployment insurance has been taken advantage of by the very people whom it is intended to benefit. I should like to draw to the attention of the minister a case which recently came to my notice. This man owned or operated a farm and, after hostilities commenced, he obtained employment in war work. At that time he made over his farm to his wife without any consideration and she continued to look after the farming operation. When the war ended, his employment with the company he had been working with ceased. He has since been working on the farm, which is owned by his wife, during the daytime, and after six o'clock he goes to work as an electrician. During this period he has been drawing unemployment insurance at the rate of $14.40 a week.

I am informed that he is able to do this because he is actually working in the day time on a farm. When he went to fill in the form he stated that he was working on the farm during the daytime when actually he is working also as an electrician after six o'clock at night. I will not say that he has been getting away with something, but the fact is he is getting $14.40 a week when he is working on a farm in the daytime and continuing his employment as electrician at night. This man does not think he is doing anything wrong, because the advertisements and notices that have gone out from the employment service have led him to believe that he has a credit of so many dollars and he thinks he has a right to draw on that. I think loopholes of this sort should be sealed up and the regulations redrawn and the forms prepared in such a manner that this sort of thing cannot happen.

Mr. MITCHELL: I would think that individual had made a false declaration and, if my hon. friend will give me the name privately, I shall be glad to have the commission look into the matter. Under the act as it stands, at the moment a person is entitled to earn $1 a day as subsidiary earnings, but if this farmer-electrician is holding down two jobs I should like to know who he is.

Mr. KNOWLES: I wish to make one more appeal to the minister to take up with the people who had to do with the drafting of this memorandum the matter of having it discarded or at least rewritten. I grant that there are some things in it that have to be there for the purposes of administration, but the tone of it has got under the skin of a good many trade union people. The minister replied to the point raised by the hon. member for Vancouver East in connection with a man seeking employment in an occupation which no longer offers employment in his own locality, by stating that the fares of people who move were paid. It is one thing to be willing to pay the fare of a person who wants to move, but is another thing to give the impression that a person must move or he will forfeit a right which he thinks he has because of having paid into a fund. There is another section a little further along in this bulletin No. 34, which reads:

> For example, it may not be expedient during the early days of unemployment to require him to take work in another district, but as the hopes of obtaining suitable employment in his home district diminish, work at a distance may have to be regarded as suitable.

It may be that something like that has to be included for the purposes of administration, but the minister knows as well as I that statements such as that have an effect upon working conditions and wage levels. I think I speak for all of us who have been objecting to this memorandum from this side of the house when I say that we do not rise to express the view that there is in this instance any need of a fundamental change in the Unemployment Insurance Act, but that the government should realize the wider implications and be on its guard against being responsible for the depressing of wage levels.

Mr. MITCHELL: I shall be glad to bring to the attention of the commission the observations of my hon. friends in connection with this document. I would point out that Canada is a continent, not a country. In a vast country like this you must have a measure of mobility of labour. At the present time I am moving people from Nova Scotia into the Maine woods. We are expecting to move farmers from western Canada to the east and eastern farmers to the west in order to get off the harvest. The hon. member for Vancouver East will remember that last fall we received an appeal from the city council about the congregation of labour in Vancouver, and at that time we considered it necessary that we render a measure of assistance to that municipality by providing for the migration back to where they came from of that labour which had come to that district for purely war industry purposes.

These things are not static; they are active. We must make every effort to place these people in gainful employment. My hon. friend has often spoken of conditions in Great Britain. After the previous war they had in South Wales and other districts, particularly in Barrow, what were referred to as depressed areas, and efforts were made to move labour from Barrow into other parts of the country.

In a country like Canada, with 12,000,000 people squatting on a continent, we cannot take the position where we can say, "Hamilton and no further", or Regina or Moose Jaw or what have you. I do not know how we could expect to make this country tick under those conditions. By the very nature of things we are bound to have stagnation in certain industries. An example of this was the aeroplane industry after the end of the war. It is necessary to provide for the movement of labour to other parts of the country where gainful employment can be found.

Mr. KNOWLES: I concur in the statement of the minister about providing for the mobility of labour, but what we are talking about is using language in connection with the administration of the Unemployment Insurance Act to the effect that people must be prepared to move. It is the "must" we do not like.

Mr. JAQUES: I received a letter from a man in Montreal which I should like to read, and then I will ask the Minister of Labour his opinion of it. This letter is signed "John C. Wilson" and is headed, "A new serfdom." It reads:

> Do the veterans realize the shameless swindle which is to be put over them under the guise or mask of unemployment insurance? The correspondence columns of the Montreal papers should be read throughout Canada. In response to several complaints ("Jobless for four months, and not received a cent," et cetera, et cetera) the actual facts have been stated with admirable clearness in Montreal *Daily Star* of May 13 on page 3 by the assistant manager, Mr. Heffernan.

He quotes this by Mr. Heffernan:

> "Unless the job is accepted, the man will be disqualified from benefits for six weeks." Whatever his skill or qualifications, whether skilled mechanic or white-collar worker, "as long as the pay is within the minimum set by the province of Quebec, even if as an unskilled furniture-worker at 20 cents an hour, he will be disqualified."
>
> Not only so. "Every refusal thereafter, even during the six weeks, will add a similar period to his disqualification." Thus a skilled tradesman or even an accountant or professional man, who persistently refuses work at 20 cents an hour, will never receive a cent of unemployment insurance.
>
> If the proper English word for this is not "peonage," what is the correct word for it?

Mr. MITCHELL: If my hon. friend will let me have the letter I shall be glad to look into it. I am sure that he cannot ask me, with about 2,300,000 people insured under this scheme, to know them all. But I shall be glad to look into it.

Mr. JAQUES: But is it the fact, that highly skilled men will be forced to take any unskilled job?

Mr. MITCHELL: The answer to that is, no.

Section 7 (new section 27) agreed to.

Section 7 (new section 28) agreed to.

On section 7 (new section 29)—Periods not counted in computing unemployment.

Mr. MITCHELL: This is a section the hon. member for Vancouver East wants to speak about. It is one of the fundamental clauses. The amount is raised to $1.50 a day.

Mr. MacINNIS: Yes. I have no objection to that. That is not the point I wanted to ask the minister about. It says:

> An insured person shall be deemed not to be unemployed . . .

And then it goes on—

Mr. MITCHELL: That is the same as in the old act. There is only one change, namely to $1.50.

Mr. MacINNIS: I want the minister to make some changes. In the subparagraph relating to holidays, is everybody drawing unemployment benefits considered to be not unemployed on a holiday? I have had some experience in working, and sometimes I had to work longer on holidays than other days, and had to work Sundays. If holidays and Sundays are "out" as far as an unemployed person is concerned, he is not unemployed on those days because he is not supposed to be working on those days. But there are many people who work on Sundays. I worked for twenty-five years delivering milk and as conductor on a streetcar, and I had to work Sunday as well as week-days. If a person who delivers milk, in the western cities anyway, becomes unemployed, is it considered that he is not unemployed on Sundays?

Mr. MITCHELL: I am informed that this merely deals with short-term workers. The question my hon. friend raises comes in a later section. Since the original drafting of the act, we have taken care of it in these amendments. The 40-hour week was the exception to the rule, and the act defined a week as from Monday to Monday. But under the amendments later on in this bill, consideration is given to the hours of work of the normal week, rather than the week itself.

Mr. LOCKHART: Do I gather than a man can draw unemployment insurance and go out and pick up odd jobs so long as the remuneration does not exceed $1.50?

Mr. MITCHELL: Yes. It used to be $1; it is raised to $1.50.

Section 7 (new sections 29 and 30) agreed to.

On section 7 (new section 31—daily rate of benefit).

Mr. MERRITT: On this section, I understand that the unemployment insurance advisory committee has been considering changes in the rates of payments and changes in the contributions to make contributions of employers and employees equal each other. If that has been done; if that meeting which the minister referred to between the labour unions and those other persons who are interested and the advisory committee, which took place two weeks ago, has reached any conclusion on this quite important point, I am surprised that it is not included in the bill we have before us—the increase of rates which was found to be possible. What took place at that meeting and when may we expect the proposed increase to be placed in the statute?

Mr. MITCHELL: I have received the report of the advisory committee and in effect it extends the coverage and does in a minor way increase the rates to dependents. I am speaking now from memory. The bill had been drafted. The government decided that consideration should be given to that next year, probably, rather than this year. As my hon. friend knows, there is no restriction of coverage for anybody who works for an hourly, a piece-work or a daily wage. The coverage is restricted on persons in the salaried class running up to $2,400 a year. In the drafting of a bill like this, and the amendments, I want to be very frank in saying that the recommendations come at a period when we do not feel it advisable, particularly in the light of economic conditions at the moment, that the amendment should be made this year.

Mr. MERRITT: That statement surprises me, because I had understood that another class was to be added to the classes of payments which would be a class at a higher rate and would make higher contributions and would receive higher benefits. I feel sure that, as a result of our expenditures in the war, money rates of earnings are going to be much higher than they were before the war. It would seem to me that the sooner we get a new schedule of rates and benefits based upon present and possibly future money values rather than upon pre-war money values, not only will the individuals who come under the fund benefit in a way which is most important to them, in view of higher costs, but the fund itself, I believe, will benefit by the early application of the new provisions. The sooner the payments-in commenced, the better it would be both for the fund and for the people concerned. If the recommendations of the advisory committee are at all acceptable, I should feel quite strongly that the sooner they are introduced, the better—this session, if possible.

Mr. MITCHELL: My hon. friend speaks of money values. I think it is fair to say that money values on the North American continent at the moment are in a state of flux. We do not know what the value of the dollar will be twelve months from to-day.

Mr. MERRITT: The minister knows, though, does he not, that it is not going down?

Mr. MITCHELL: I am a little older than the hon. member, and I believe that what goes up must come down—even an aeroplane or a rubber ball. I went through this after the last war. I was talking to the Minister of National Health and Welfare, who is just back from New York, where butter at the moment is selling at $1.25 a pound. We do not know what is going to happen, and any prediction regarding the price structure on the other side of the line is simply a leap in the dark. If human nature follows the trend indicated after the last war, as the hon. member for Qu'Appelle said to-day, we may be in a very difficult position on the North American continent a year from now. Wherever you have inflation you have starvation and destitution later on. That goes for every country.

Mr. KUHL: Deflation.

Mr. MITCHELL: My hon. friend says "deflation." He has a peculiar brand of money theory with which I do not agree, but I will not argue that question with him this evening.

Mr. HANSELL: May I suggest that the minister stick to labour.

Mr. MITCHELL: I have the floor at the moment, and I do not wish to get into an argument on phony money at this moment any more than anyone else wants to argue about it just now. I have expressed my opinion and my hon. friends can express theirs. Let me say that the reason why we are moving with caution in the extension of coverage in respect of all these things is that we do not know what the relation will be a year from now between the present value of the dollar and the value of the dollar as it was in 1940, 1941, 1942 and 1943. No one can make any such prediction in view of what has happened in the United States in the last couple of weeks. They may be moving into an inflationary spiral with the inevitable collapse afterwards. We are living in peculiar times, and all I can say is that I trust that at this time next year conditions will be more stable than they are at the moment.

Mr. MERRITT: I had naturally thought, from what I have heard the minister say with regard to the government's price control policy and their ability to handle the situation, that the much feared deflation after inflation would not ensue. Apparently the minister is not so sure now when he comes to this point. Would he tell us whether or not the report of the advisory committee on these possible increases of rates and benefits took into consideration the uncertain state of financial affairs in the world? If the advisory committee have taken that question into consideration, then surely, they being concerned more than anyone else with the actuarial basis of the fund, their recommendation would be a safe one for the government to follow. It seems to me that there are already increases in the cost of various articles. If, therefore, these possible increases are withheld it will be a serious matter.

Mr. MacINNIS: I wonder if the advisory committee has given some thought to increasing the differential between the rate for a single person or a person without dependents and the rate for a person with dependents. If you look at these rates you will find that apparently it does not cost very much for a man to keep his wife, or vice versa, for the wife who is working to keep her husband. If a single man or woman is unemployed in category 2 the rate is $5.10 a week. If a married person, male or female, with a dependent is unemployed that person receives ninety cents extra, which brings it to $6. These rates that were set out in 1940 when the bill was passed should be revised upwards at least to the extent that the cost of living has gone up and to the extent that we feel it will go up within the next few months, though, of course, I realize that you cannot keep moving a scale of benefits of this kind up and down as the cost of living rises or falls a few points. The differential, however, is far too small, and I suggest that the advisory committee give thought to increasing it as between the person without dependents and the person with dependents. Has the minister at hand the percentage of benefits paid in each of the seven categories in which benefits are paid?

Mr. MITCHELL: It is not before me at the moment but I will make inquiries.

Mr. MacINNIS: It is stated that the weekly rate of benefit shall be six times the daily rate. In many occupations now the week is a five-day week. In Ottawa many of the larger stores are closed all day Saturday, and the same is true of other cities. Many of the industries also operate on a five-day week. Has any arrangement been made to bring the act into conformity with the five-day week?

Mr. MITCHELL: Yes; that has been done. In the first section it has been provided for.

Mr. MacINNIS: Would this section not conflict with the other?

Mr. MITCHELL: I am informed that there is no conflict.

Mr. MERRITT: I am afraid I am not entirely satisfied on the point I was discussing. I see from new section 28 that the insured person does not receive a benefit unless he has contributed to the fund for a period of 180 days in the first two years. It would seem to me that if we delay in applying the new rates until the next session of parliament it will mean a delay of two years before the new class can come under the fund. If I am right in that, and I wish to be corrected if I am not, if any recommendation that is possibly acceptable to the government has been made to them, certainly no time should be lost in implementing it, and it should be in this bill. Could the minister amplify what he said, that it was not possible to bring it in this year. In the light of my objection that certain persons would not be covered for two years, will he state the reasons why it would not be advisable this year?

Mr. MITCHELL: I have given all the reasons I can think of. It is a matter of judgment. When my hon. friend spoke this afternoon he spoke of raising all the rates.

Mr. MERRITT: For dependents.

Mr. MITCHELL: Well, for dependents. I thought I heard him say all the rates, but I take his word for it. Of course, when you raise all the rates you have to raise the payments by the insured. That is elementary.

Mr. MERRITT: Yes.

Mr. MITCHELL: When you speak of raising the rate to $25 a week it means in a broad way that the contributions paid by both employer and employee would have to be doubled. We have to face up to that problem.

Mr. MERRITT: The minister will find that I said exactly that.

Mr. MITCHELL: Yes, I agree. As I say, this report was received just prior to the thing that happened in the United States. It is all a question of judgment; that is all. Their report does not increase the payments in the direction which the hon. member for Vancouver East would wish them to be increased, namely, in the lower brackets, if I heard him

correctly, but that is the decision we came to. The recommendations of the committee are not fundamental recommendations; they do not cover the broad field. I am now speaking from memory; they do not touch the payments made to single persons, but they do increase slightly the payments made to those with dependents. In addition, an increase is made in the contribution by the employer.

Mr. MERRITT: The minister has not answered the other question I asked him. Will that mean that if it is held until next year it will be two years before it comes into force?

Mr. MITCHELL: Yes; if paid to-day it would be two years.

Mr. MERRITT: Then it will be three years if brought into force next year?

Mr. MITCHELL: Yes.

Section 7 (new section 31) agreed to.

Section 7 (new sections 32 to 34 inclusive) agreed to.

On section 7 (new section 35)—Waiting days not counted for benefit.

Mr. KNOWLES: Here is one of the places where, as has been pointed out, we are not so critical of the changes made as we are with some of the changes which have not been made. Was consideration given to shortening the waiting period to something less than nine days?

Mr. MITCHELL: I am informed by the advisory committee to the commission that that is the next thing they are to consider. As soon as there is enough money they will consider it.

Mr. PROBE: What is the British practice in this regard?

Mr. KNOWLES: It is three days.

Mr. MITCHELL: It was six and it is down to three now. Ours is nine.

Mr. KNOWLES: Three in the new national insurance act for both sickness and unemployment.

Mr. MITCHELL: That is right.

Mr. CASE: I do not know whether this is the place to ask this question, but I understand that if an insured person is unemployed he is eligible to draw benefits until his contributions have been exhausted.

Mr. MITCHELL: Yes.

Mr. CASE: Before he becomes eligible for unemployment insurance again, does he start all over again?

Mr. MITCHELL: Sixty days.

[Mr. Mitchell.]

Mr. CASE: He has to be employed for sixty days before he is eligible for any unemployment insurance benefits?

Mr. MITCHELL: Yes.

Section 7 (new section 35) agreed to.

Section 7 (new sections 36 to 38 inclusive) agreed to.

On section 7 (new section 39)—Disqualification through loss of work due to labour dispute.

Mr. GREEN: Will the minister explain just how this new section affects men who are thrown out of work by reason of a strike which does not concern them directly?

Mr. MITCHELL: They get benefits.

Mr. GREEN: For example, during the lumber strike in British Columbia, which was settled a few days ago, there were men from the Pacific lumber inspection bureau whose job is to do log-scaling—

Mr. MITCHELL: These men got benefits.

Mr. GREEN: For a time they were refused.

Mr. MITCHELL: The matter was investigated and they got the benefits.

Mr. GREEN: Is there a clear-cut definition of the conditions under which they will get benefits? There were other men who were working in industries which were affected because they could not get logs. I believe that they, too, were refused unemployment insurance. Where is the boundary line? There should be a clear-cut line.

Mr. MITCHELL: There are three things, namely, participating, financing and directly interested in. The case to which my hon. friend refers was brought to my attention, and one of the ranking insurance officers on the top level was sent to Vancouver to straighten it out. As a rule, there is always a point of view on both sides. When a situation like that arises, what the commission does is to send out a ranking officer to make a decision. You have to make a decision in the light of the conditions in the dispute as they exist, because you have to be careful that you do not finance a strike, that the people who are paying unemployment insurance contributions in Montreal, say, do not help to finance a strike in Vancouver or Toronto. One has to be careful and cautious in the payment of benefits when a strike takes place. For that reason the commission is careful, and in the Vancouver dispute they sent out their ranking

officials to settle the point at issue on the ground in the light of the conditions as they see them at the time.

Mr. GREEN: Is the disqualification supposed to extend beyond the men who are actually striking? Take the case of other men who cannot work because a strike prevents their factory from getting material. Are these men disqualified?

Mr. MITCHELL: I do not get the point. I shall get it in a moment, I suppose. If they were in the same union in the same plant they would be disqualified. Does that answer my hon. friend's question?

Mr. GREEN: No. They were working for another firm which had to shut down because it could not get the raw material. The reason it could not get the raw material was that there was a strike. What happens in that case?

Mr. MITCHELL: I should not like to express an offhand opinion. I would think they would be entitled to benefits, but I say that with reservations.

Mr. KNOWLES: The act is pretty clear.

Mr. MITCHELL: Is that not the answer?

Mr. MacINNIS: Yes. Paragraph (a) of new section 39 covers it. It says:

that he is not participating in, or financing or directly interested in the labour dispute which caused the stoppage of work.

I am glad to hear the minister say that he sent someone to Vancouver, because I had complaints from persons who were refused benefits although they did not belong to the unions which were on strike, but were put out of work because a stoppage of work was caused through lack of material. I wrote to the commissioner about one case. One of the difficulties in getting the matter settled is the distance between Ottawa and the various places where the inquiry has to be made before any report can be made by the commission.

Mr. MITCHELL: We got that official away just as quickly as we could.

Mr. GREEN: This section does appear to be clear. It says:

That he is not participating in, or financing or directly interested in the labour dispute which caused the stoppage of work.

I had representations, I presume from the same people who made them to the hon. member for Vancouver East: yet the unemployment insurance officers in Vancouver ruled, I believe, that the men in question were not entitled to unemployment insurance.

Mr. MITCHELL: I sent a senior officer there, for that very reason. You take a local officer in a matter involving perhaps hundreds of thousands of dollars; he is pretty cautious, and rightly so. When we get a situation of that kind we see to it that one of the senior officials goes out and gives the necessary directions.

Mr. KNOWLES: It seems to me that the case raised by the hon. member for Vancouver South is covered by subsection 1, which makes it clear that a person is disqualified only if there is a stoppage of work at the plant in which he is working. In the case of the secondary industry to which my hon. friend refers, the stoppage of work is not due to a labour dispute at that plant.

Mr. MERRITT: I also received representations in that case, and I happen to know quite a few of the men who are inspectors for the Pacific lumber inspection board. It struck me that case was so clear that it should not have been necessary to make representations to Ottawa. There the point that seemed to be involved was that all the inspectors actually work at the plants that were on strike, but they are employed by a totally different organization. Neither the Pacific lumber inspection board nor its employees were in any way connected with that strike. They are men who have high responsibilities in the checking of lumber, and it was a case in which I should not think there would be any need for hesitation on the part of the officials who were investigating.

The other point I wanted to ask the minister about was not a hypothetical case but an actual case I discussed with him, in connection with the moulders' strike. Would the employees of the brass foundry which is closed down because it is picketed by the moulders' union be debarred from benefits, though they themselves are not on strike and belong to an entirely separate union?

Mr. MITCHELL: It would depend on whether there was participation in the strike. I do not know the exact details, so that I should not like to give an opinion offhand. Anyone wanting to go to work, belonging to a union but not being able to get through the picket line, is in a difficult position. I want to say to my hon. friend that I would not go through any picket line.

Mr. KNOWLES: You are speaking personally? Or as Minister of Labour?

Mr. MITCHELL: Speaking personally. These fellows may belong to the organization; I do not know. If my hon. friend wants my people to look into the matter I shall be very

glad to have that done for him. The hon. gentleman asked what was the doubt in our mind. These people worked in the mills, you understand, and it had to be decided whether they were part of the industry and taking part in the strike. My hon. friend, who is an old military man, knows that sometimes you find those in the lower ranks cautious about making decisions. They like to look up to the top and see that they have some measure of protection.

Mr. CASE: This section provides certain safeguards, but there is a broader over-all picture, in this sense. We will say there is a strike in a certain industry, probably not in the same city to which I would relate this question. In that other city there exists a trades and labour council. I have known this to happen. That council has a meeting. They do not join in the strike by means of a sympathetic strike, or anything like that, but they make a cash contribution of $40 or $50 or $100 for the benefit of the workers on strike. Many industries in the city where this trades and labour council is located might be affected by the strike in the other city. Some might have to close down because of the shortage of supplies which ordinarily would come from the industry on strike. In that case it would seem that these people would all be disqualified because their organization had made this cash contribution to assist the workers who were on strike. Would that seem to be reasonable?

Mr. MITCHELL: Offhand, I should not think so. I should think they could give money if they wished. I know I have given a good deal of money away.

Mr. CASE: You do not think they would be bound by the stand of the organization?

Mr. MITCHELL: I would not think so.

Mr. PROBE: Would the minister just indicate whether "labour dispute" means a lock-out as well as a strike, in order that this may be clarified?

Mr. MITCHELL: It means a lock-out as well as a strike. That is defined in section 2 of the act.

Section 7 (new section 39) agreed to.

On section 7 (new section 40)—Disqualification for neglecting opportunity to work or failure to attend course of instruction.

Mr. JOHNSTON: Paragraph (d) reads:

(d) has without good cause failed to attend a course of instruction or training that the commission directed him to attend for the purpose of becoming or keeping fit for entry into or return to employment.

[Mr. Mitchell.]

I am wondering if that could be interpreted so that a man might be directed for training into some business he was not desirous of entering, or which would not further develop the training he already possessed. Could the board direct him into training for some position for which he was not fitted, or which he did not desire?

Mr. MITCHELL: If I were out of a job and were offered training, I think I would take it. I do not know of any case like that. Perhaps it is a hypothetical case.

Mr. JOHNSTON: What I have in mind is that a man might be a carpenter and be directed to take training as a bricklayer.

Mr. MITCHELL: If my hon. friend knew anything about the trade union movement he would know that they never train carpenters to be bricklayers or vice versa.

Mr. JOHNSTON: But it is not so stated here.

Mr. MITCHELL: I should not think that would be a good example. At the moment there are not enough bricklayers or carpenters to go round.

Mr. JOHNSTON: I think the wording should be changed to indicate that the training should be along the line of the previous training. I do not believe it should be left to the discretion of others to decide whether a man should follow a new line of endeavour. It seems pretty dictatorial.

Section 7 (new section 40) agreed to.

Section 7 (new sections 41 to 48 inclusive) agreed to.

On section 7 (new section 49)—Question arising during court proceedings.

Mr. MacINNIS: What is the explanation for this section?

Mr. MITCHELL: The courts have endeavoured to decide coverage. This merely gives the commission the final and only authority with respect to coverage under the act.

Mr. MacINNIS: There is no appeal?

Mr. MITCHELL: No appeal; there is an appeal to the umpire.

Mr. CASTLEDEN: But beyond that there is no appeal.

Mr. MITCHELL: No.

Mr. CASTLEDEN: And the commission has power to reverse its own decision?

Mr. MITCHELL: On new facts, yes.

Section 7 (new section 49) agreed to.

Section 7 agreed to.

Sections 8 to 17 inclusive agreed to.

On section 18—The commission may pay benefit to insured person where contributions not paid.

Mr. KNOWLES: Would the minister explain this?

Mr. MITCHELL: If a man is not covered and the commission finds out later that he has been covered, the commission can pay the benefits, even though the contributions have not been made.

Mr. FRASER: What safeguard has a person?

Mr. MITCHELL: That is his safeguard.

Mr. KNOWLES: This is in a case where he should have been covered?

Mr. MITCHELL: Yes.

Section agreed to.

On section 19—Unemployment insurance fund.

Mr. PROBE: Thus far in the operation of the fund has there been any month where payments out of the fund have exceeded receipts? What about April?

Mr. MITCHELL: April of this year was the first month.

Mr. PROBE: What was the excess?

Mr. MITCHELL: I shall get that figure for the hon. member.

Mr. MacNICOL: The minister will remember, as those of us who dealt with this matter a few years ago remember, that, following the last war, in Great Britain a substantial fund had been laid aside, but it was not very long until the whole fund running into hundreds of millions of dollars had been dissipated. I do not mean that the money had been wasted, but it had been drawn out because of the great amount of unemployment.

We might run up against the same condition in this country, and it must not be taken as a reflection upon the Unemployment Insurance Act. The whole purpose of the fund is good. But both employers and employees will have to use their heads and meet situations as they arise. I am one who believes that if such a time should come we should be ready with the finances of the country to support it. The fund, which so many people seem to think is large, may actually be too small. But if such a time should come support should be given sufficient to carry on the obligations under the Unemployment Insurance Act. I have great faith in it. It has done a wonderful job, both in the old country and in Canada, as long as we have had it. It must not be allowed to fail. The country itself, through its finances, would have to save the fund if and when it became depleted, to that extent.

Mr. MITCHELL: May I say to the hon. member for Regina City that the payments of benefits in the month of April were $1,500,000 more than the contributions.

Mr. PROBE: That is the only month?

Mr. MITCHELL: Yes.

Mr. CASTLEDEN: I think it is generally understood that in any case of general unemployment any insurance scheme will break down.

Mr. MITCHELL: It is like an earthquake.

Mr. CASTLEDEN: Yes; it is beyond the efforts of human nature, and cannot be helped. Has the department some figure below which we would be on the safe side? What is the figure of unemployment in Canada beyond which the minister does not think the act would operate? What is the peak?

Mr. MITCHELL: It is estimated—and this is only an estimate—that it would be from 7½ to 10 per cent.

Mr. CASTLEDEN: For what period could it be carried at 10 per cent?

Mr. MITCHELL: Indefinitely.

Section agreed to.

Sections 20 and 21 agreed to.

On section 22—Governor in council may extend provisions of part II.

Mr. MacINNIS: I understand that an order in council has been passed to bring loggers on the west coast under the act.

Mr. MITCHELL: Yes.

Mr. MacINNIS: Are they now covered by the Unemployment Insurance Act?

Mr. MITCHELL: On August 1 of this year.

Mr. MacINNIS: Will that extend to loggers in any other part of Canada?

Mr. MITCHELL: At present it applies only to British Columbia.

Mr. MacINNIS: All lumber workers in British Columbia are now covered by the act?

Mr. MITCHELL. They will be on August 1.

Mr. MacINNIS: Has the commission considered bringing in the longshoremen of British Columbia under the act?

Mr. MITCHELL: I am informed that consideration has been given to the matter. I had jurisdiction over the longshoremen at Halifax during the previous war, and I know and my hon. friend knows that there is some difficulty in that connection because these men work for so many different contractors.

Mr. MacINNIS: Longshoremen and loggers on the west coast are in pretty much the same situation as loggers and longshoremen in eastern Canada. Longshoring work in British Columbia is all-year work; it is not seasonal like the work in Montreal, Quebec and the ports on the great lakes. Longshoremen who work on the west coast and at the open ports on the Atlantic coast should be brought under the Unemployment Insurance Act.

Mr. GREEN: Is that the only reason why longshoremen are not covered by the act?

Mr. MITCHELL: It is largely an administrative difficulty because they work for so many different employers and because their employment is highly seasonal.

Mr. LOW: Does that apply also to loggers outside of British Columbia?

Mr. MITCHELL: Yes, absolutely.

Mr. GREEN: Longshoring on the west coast is certainly not a seasonal occupation. I should like to endorse what the hon. member for Vancouver East has said. There seems to be no good reason why they should not be covered by the act.

Mr. MITCHELL: They may work for many different employers in the one day. The matter is under consideration and I shall be glad to bring it again to the attention of the commissioner.

Mr. MacINNIS: Is the longshoreman exempt from income tax because he works for different employers?

Mr. MITCHELL: I would not think so.

Mr. MacINNIS: If you can collect income tax you can also collect unemployment insurance contributions.

There is another matter I should like to bring up. Representations have been made to me by certain employees of the city of Vancouver who have been removed from the act. These employees work in the cemeteries which are owned by the city. I took the matter up with the chief commissioner, and he sent me the following letter under date of June 5, 1946:

I might explain that insurability of employment by cemeteries came up for consideration a couple of years ago when it was drawn to the attention of this commission that an anomaly existed which had given rise to some grievance. As you know, many cemeteries are operated by churches and other bodies which are classed as charitable institutions within the meaning of the Unemployment Insurance Act. These institutions are not required to insure their employees and this exception extends to employees of cemeteries operated by them.

On the other hand, cemeteries operated by municipalities and by private companies were required to insure their employees. Strong objection was taken by some of the latter and representations were made to the commissioner to remove the anomaly by exercising the powers granted under section 14 (1) of the Unemployment Insurance Act, which reads as follows:

After quoting the section, which I do not think I will read since the minister will have it before him, the letter continues:

As a result the commission made a regulation, which came into effect on April 22, 1944, which was the item quoted in the letter of April 9 from the accountant for Vancouver. The regulation provides in effect that any cemetery which is required to furnish graves to the poor without charge is relieved from making contributions for its employees. The provincial statutes of most of the provinces require both municipal and private cemeteries to do so and for this reason they felt that they should be put on the same basis as charitable institutions.

The cemeteries in the city of Vancouver are not charitable institutions; they are run by the city. A person employed to-day by the cemetery department may be employed to-morrow by some other department. These employees want to come under the Unemployment Insurance Act so that they may draw benefits if unemployed. They feel that if employees of charitable institutions are exempt there is no reason why they should be. As employees of the city I think they have as much right to be covered by the act as employees of any other department of the city.

Mr. MITCHELL: There was an anomaly in the administration. Charitable institutions did not come under the act and in its wisdom the commission removed all cemetery employees from the coverage of the act. A similar anomaly existed in another direction in connection with power plants. Privately owned power plants came under the act, while municipal and provincial power plants were exempted, and they were all put under the act.

Mr. CASE: Many municipal employees do not want to come under the act because they feel a degree of security in their employment. The hon. member for Vancouver East asked if all lumber men in British Columbia are covered and the answer was in the affirmative. Are all lumber men in Canada covered?

Mr. MITCHELL: No.

Mr. CASE: It applies only to British Columbia?

Mr. MITCHELL: So far.

Section agreed to.

On section 23—Organization and maintenance of employment service.

Mr. CROLL: How many people have been trained under this plan?

Mr. MITCHELL: We have not those figures in front of us.

Mr. CASTLEDEN: How many unemployed veterans are receiving benefits?

Mr. MITCHELL: I have not that information in front of me but I shall be glad to get it for my hon. friend.

Mr. GREEN: What additional duties are to be given to the commission? Subsection 4 of the new section 88 reads:

> The commission shall assume and carry out such other duties and responsibilities as the governor in council, on the recommendation of the minister, may require from time to time and, in respect of such other duties and responsibilities, shall be responsible to the minister.

Mr. MITCHELL: Speaking now as an individual, I want to say that I believe in ministerial responsibility. During the war we had to use the employment service for many things which were not covered by the legislation but which had to be done by order in council. At the present moment we are doing many things through the instrumentality of the employment service that are not covered by legislation. One item is apprenticeship training. For registration and all things necessary to carry this out in the different provinces we use the employment service. In the training of veterans we use the employment service; I mean that they move through that organization. Sometimes it is necessary to take a strike vote in some industry, and I use the agency for that purpose. Or take the movement of farm labour during the war, when we moved hundreds of thousands of people from agriculture in the winter to the other basic industries in the country; that was done under the direction of the minister through the employment service. I regard the employment service as a dynamic institution. You have to be prepared to make decisions, make them quickly, and give the necessary direction. I believe it can be truthfully said, notwithstanding some criticism, that without the employment service and the direction given to it by or through the minister during the war period, we would have had a very difficult situation in this country. Had we not had an employment service at the close of the war where, through ministerial responsibility, we could act quickly and give the necessary direction from day to day, I do not believe we would have passed through these last six or seven months as we have done. My mind goes back to the last war, when only ten per cent of the industrial structure of this nation was engaged in war production.

That, in short, is the story. I cannot tell what to-morrow I may find it necessary that the employment service should do under the direction of the minister. My hon. friend can rest assured that anything which should be done will be done through the medium of that organization, if it is in the interests of the economic well-being of this nation, of the employers and of the working people who go to make up its working force.

Mr. GREEN: The idea is that there shall be wide power given to the employment service for these special duties?

Mr. MITCHELL: Absolutely, yes.

Mr. CASTLEDEN: The minister does not mean that this will solve the unemployment problem?

Mr. MITCHELL: No.

Mr. CASTLEDEN: Nor will it solve the condition the minister stated to-night, that we have to use and are using prisoners of war for industry and agriculture in this country at the present time?

Mr. MITCHELL: Yes; and let me say this, while we are speaking of prisoners of war, that I would send these people back to Germany, where they belong, to-morrow morning if I had my way. That is where they belong and that is where they should be.

Mr. MacNICOL: Back to England.

Mr. MITCHELL: No, to Germany. That is where they come from.

Mr. MacNICOL: They have to go to England first. They are England's prisoners.

Mr. MITCHELL: We found it necessary to retain them here. We have had representations from Alberta, Manitoba, and particularly Ontario, in connection with the sugar beet crop this year. Let me say also that under no circumstances will prisoners of war be used, under my jurisdiction, in this country as cheap labour. The cost to the employer must be on a par with that normally paid in the particular industry; and just as soon as we can get replacements of these prisoners by men in agriculture and the other avocations in which they are engaged, rest assured that they will be pulled out of this work as quickly as they possibly can. They are being pulled out now.

Section agreed to.

On section 24 (new section 92)—Definitions.

Mr. BROOKS: I notice in paragraph (a)—

(a) "discharge" means any honourable termination of service from the forces since the thirtieth day of June, 1941.

The Minister of Veterans Affairs will remember, when we were discussing veterans affairs matters in our committee, reference was made to a good many men who, by reason of certain army offences, did not get honourable discharge but were serving periods of time in detention in penitentiaries and in other institutions, for military offences which would not have been civilian offences had they not been in the army. I believe there was a board of review which was reviewing all these cases—

Mr. MACKENZIE: Yes.

Mr. BROOKS: —and a good many of these men have been given discharges; whether we can call them "honourable" discharges or not I do not know. The point I wish to make is this: If these men are satisfactorily discharged as far as the veterans' acts are concerned, would they be considered honourably discharged as far as this act is concerned?

Mr. MITCHELL: I think, I would say "yes" to that.

Mr. BROOKS: The minister is satisfied that that is correct.

Mr. MITCHELL: Yes.

Mr. PROBE: I do not want to prolong the discussion, but throughout this new section 92 I find no provision for members of His Majesty's forces other than those resident in Canada at the time of enlistment. I have particularly in mind paragraph (c), subparagraph (ii). There are or were in the forces of the United Kingdom quite a number of young Canadians who went there just prior to the war, and while they did not serve in the Canadian forces they served in the British forces and some of them are now returning. They had actually made their domicile in Britain, or thought they had, just before the war, and when the war broke out they joined the first force which they could join. The Minister of Veterans Affairs is familiar with many such cases. Since the war they have changed their minds; they do not now want to be domiciled in England and they are returning to Canada. What is their status? According to this clause, I believe they are not eligible for the government contribution to the unemployment insurance fund. Was it intended to discriminate against them?

Mr. MacINNIS: Would they not be eligible under new section 92, paragraph (a) (iii)?

Mr. MITCHELL: Yes.

[Mr. Mitchell.]

Mr. PROBE: But they were not resident nor domiciled here.

Mr. MacINNIS: The subparagraph states:

domiciled and resident in Canada, who served in the armed forces of any of the nations allied with His Majesty in active operations against the enemy in the war and was domiciled in Canada at the time he joined any such forces for the purposes of the war, and who returned to Canada within two years of the date of his discharge from such forces, or of the eighth day of May, 1945.

I think such a man would be eligible even if he were absent from Canada, if he were normally resident here.

Mr. BROOKS: If he intended to come back.

Mr. MITCHELL: This section is taken in toto from the veterans legislation. There is no change; it is just as it was; and goodness knows it has been discussed enough in the veterans affairs committee. If I have any understanding of the functions of the committee, if they have left anything out which is for the protection of the veterans I should like to know what it is.

Mr. PROBE: I am not on the committee this year, and for that reason I want to get it clear in my mind as to whether or not the men I have referred to are regarded as domiciled and resident in Canada. I recall that this matter was discussed last year in committee, but I do not remember what happened at that time. It looks to me as though these young men who went specifically to join the British air force just before the war, who intended to be domiciled thereafter in the United Kingdom, and who since the war have decided that Canada is where they belong, may not be covered by this section.

Mr. MITCHELL: Yes, they will be covered.

Section 24 (new section 92) agreed to.

On section 24 (new section 93)—Qualification period.

Mr. MacINNIS: I have one question. The first line reads:

A veteran who completes fifteen weeks in insurable employment within any period of twelve months . . .

What about the veteran who was not able to put in fifteen weeks in any such period? Where does he come in?

Mr. MITCHELL: He does not get it. That is the qualification.

Mr. MacNICOL: The minister knows that after the great war in Great Britain they had the same experience, and the country found it necessary to give these men insurance by

putting them on the unemployment insurance pay roll. Apparently we are not going to follow that here.

Mr. MITCHELL: No. We have not found it necessary yet.

Mr. MacNICOL: I suggest that the time will come when it will be found necessary.

Mr. MITCHELL: The ordinary employed person pays for thirty weeks. This veteran pays for only fifteen weeks.

Mr. MacNICOL: But no one knows better than the minister that, following the great war, there were in Great Britain hundreds of thousands of veterans who were twenty-five and thirty weeks unemployed in one year and the government put them on the fund.

Mr. MITCHELL: They get veterans out-of-work benefit.

Mr. MacNICOL: Two or three years from now.

Mr. MacINNIS: How long would a returned man who came under unemployment insurance in this way be in this category, that is to say, this section of the Unemployment Insurance Act? Would he ultimately come under the general operations of the act, or is it of a diminishing nature?

Mr. MITCHELL: Oh, no. He comes straight under the act, with all the rights and privileges.

Mr. MacINNIS: But does he change his status at some time from that of a veteran to that of a civilian under the act?

Mr. MITCHELL: As soon as he has had fifteen weeks. He takes his position under the law the same as the civilian.

Mr. MacINNIS: And that is the only difference?

Mr. MITCHELL: Yes.

Section 24 (new section 93) agreed to.

On section 24 (new section 94)—Contributions in respect of veterans.

Mr. PROBE: The contribution made on behalf of the veterans by the dominion government equals the usual amount contributed by the employer plus that of the employee?

Mr. MITCHELL: Yes.

Mr. PROBE: But there is lacking from this contribution the twenty per cent additional which would normally be contributed had this veteran been a civilian rather than a veteran; that is to say, contributed by the government.

Mr. MITCHELL: That is paid by the government.

Mr. PROBE: I did not read it in that way.

Mr. MITCHELL: That is paid by the government.

Mr. PROBE: If I have that assurance from the minister I have nothing more to say on the point.

Section 24 (new section 94) agreed to.

On section 24 (new section 95)—Report on fund.

Mr. GREEN: In new section 95 there is provision for the advisory committee to make reports on the effect upon the fund of these contributions. I presume the idea is to report if the fund is being depleted.

Mr. MITCHELL: Yes.

Mr. GREEN: What happens if it is found that the fund is being depleted? Will the commission go back to the veteran and demand payment from him?

Mr. MITCHELL: The advisory committee reports to parliament.

Mr. GREEN: The section says that "the governor in council may"—it does not state that the committee reports to parliament.

Mr. MITCHELL: The advisory committee does report to parliament.

Mr. GREEN: The section states that the governor in council may, on receipt of a report, take into consideration immediate measures to remedy any depletion of the fund due to the operation of this part, which depletion shall have been established by the report of the committee. Would it not be wiser to provide that if there is such depletion it shall be made up from the consolidated revenue fund?

Mr. MITCHELL: Frankly, I do not know the reason for that language. It was taken en bloc out of the veterans legislation. I may not be a member of the government when that happens. I cannot look into the future that far. I may not be a member of the government of that day, but I assume that if my hon. friend is a member of the government, or if the hon. member for Vancouver East is a member of it—probably not the same government—

Mr. MacNICOL: You never can tell.

Mr. MITCHELL: —they will do the sensible thing, just as I assume that this government would.

Mr. GREEN: I take it that when the minister says the government would do the sensible thing he means the government would make good whatever depletion might take place.

Mr. MITCHELL: The fund would be kept liquid.

Mr. GREEN: In other words, the fund would be made up out of the consolidated revenue fund. In that case, I think it would be well to put that provision in the act because, according to the present wording, the veteran could be called on to make good the deficiency.

Mr. MITCHELL: We cannot commit future governments. My hon. friend understands the principle that one parliament cannot commit another.

Mr. GREEN: Every statute you pass commits a future government as long as that statute stands. If a subsequent government wishes to change a statute it may do so. At any rate, I suggest that it should be made clear in this section just how the deficiency will be made up, and I do not think there is any dispute that it will come from the consolidated revenue fund.

Section 7 (new section 95) agreed to.

Mr. PROBE: Mr. Chairman, may we revert to new section 94?

Mr. MITCHELL: When we have disposed of the other.

On section 7 (new section 96)—"Veteran" to include certain merchant seamen.

Mr. BROOKS: Are merchant seamen under this act at the present time?

Mr. MITCHELL: No. They will be as soon as it is assented to.

Mr. BROOKS: That is, all merchant seamen?

Mr. MITCHELL: Yes.

Mr. BROOKS: And they were not previously?

Mr. MITCHELL: No.

Mr. BROOKS: If a man continues in the same employment for fifteen weeks he gets the full benefits?

Mr. MITCHELL: I did not clearly understand that.

Mr. BROOKS: If the merchant seaman had been under this act prior to the present amendment—

Mr. CHEVRIER: Perhaps I can answer this. In the case of a merchant seaman, he is required to have been in insurable employment for thirty weeks, but in the case of the veteran who is in receipt of the two bonuses referred to in new section 96, he must be in insurable employment for fifteen weeks.

Mr. BROOKS: He can continue, if he has been a merchant seaman, in his ship for fifteen weeks after the war; he gets the full benefit of unemployment insurance and the government pays that share.

Mr. MITCHELL: After this measure comes into force.

Mr. CHEVRIER: And if he is in receipt of the bonuses referred to in this section.

Mr. MacINNIS: Where does the Minister of Transport find that the merchant seamen must have made contributions for thirty weeks.

Mr. CHEVRIER: It is in section 13 of the old act. That refers to all persons who are employed in any of the employments specified in part I of the first schedule, and part I is being amended by order in council so as to cover the point I mentioned a moment ago.

Mr. MacINNIS: I may not be able to read legal language, but this states that "veteran" shall include merchant seamen; and if veteran includes merchant seamen, surely the provisions that apply to a veteran who is not a merchant seaman will apply to a merchant seaman.

Mr. CHEVRIER: If my hon. friend looks at section 13 he will see that people who receive unemployment insurance get it by virtue of that section.

Mr. MacINNIS: Section 13?

Mr. CHEVRIER: Section 13 of the old act says that persons who are employed in any of the employment specified in part I of the first schedule to this act are entitled to unemployment insurance, and those who are excepted in part II are not entitled.

Mr. MacINNIS: This part does not make any reference to part I or to section 13 of the act.

Mr. CHEVRIER: That is right. But if my hon. friend turns to page 20 of the bill—we passed section 19 a moment ago—he will see that it says:

> On the recommendation of the committee and the commission, the governor in council may extend the provisions of this act to any of the employments specified as excepted employments in part II of the first schedule . . .

And Part II of the first schedule has to do with transportation on water.

Mr. BROOKS: My point is that if merchant seamen were included in the act before, why are they put in this special section?

Mr. CHEVRIER: They were not included in the act before.

Mr. MITCHELL: Perhaps I can explain it in a sentence. Normally a merchant seaman comes under the terms of the act just the same as any other civilian worker. He has to have thirty weeks with the exception of those who are in receipt of war bonus, which is considered active service. They come under the same condition as the men in the fighting forces.

Mr. MacINNIS: That is those who are mentioned in new section 96?

Mr. MITCHELL: That is right.

Mr. MacINNIS: That is what I was dealing with all the time. Is the advisory committee or the commission considering the bringing of transportation by water under the Unemployment Insurance Act?

Mr. MITCHELL: That is in this bill.

Mr. MacINNIS: Does that apply to transportation by air?

Mr. MITCHELL: That is already in.

Mr. MacNICOL: Are the merchant seamen on the great lakes covered also?

Mr. MITCHELL: They will be under this bill.

Mr. GREEN: Does the benefit given by the new section 96 apply only from the time this bill comes into effect? In other words, has it any retroactive effect?

Mr. MITCHELL: No.

Mr. GREEN: Suppose a merchant seaman was discharged six months ago; would he get any benefits under this new section 96?

Mr. MITCHELL: Yes; he is covered by the manning pools; he is in the manning pools.

Mr. GREEN: It covers the man who was discharged before the bill comes into effect?

Mr. MITCHELL: Certainly.

Mr. GREEN: The Minister of Transport shakes his head.

Mr. MITCHELL: I am saying "yes"; that is definite enough, is it not?

Mr. GREEN: Yes, if it is correct.

Section 7 (new section 96) agreed to.

The CHAIRMAN: We shall revert to new section 94.

Mr. PROBE: The minister said that the object of this new section was to ensure that out of funds appropriated by parliament there will be handed over to the unemployment insurance fund an amount equivalent to what would have been paid had the veterans been in civilian employment, namely, a combination of the three amounts, that which would be contributed by the employee and the employer, plus the twenty per cent which the government normally contributes to the unemployment insurance fund. With all deference to the minister I do not think that is the way the new section reads. If that is the intent of the act I do not think it is properly worded. I shall read the part which applies.

Mr. MITCHELL: I have the answer. I know what is in the hon. member's mind.

Mr. PROBE: The section reads:

> . . . there shall be credited to the fund out of moneys appropriated by parliament for the purpose, the amount of the combined contributions of the employer and the employed person under this act, for a period equal to the period of service of the veteran after the thirtieth day of June, nineteen hundred and forty-one, and the rate at which the same combined contributions shall be computed is the average of the contributions shown by the unemployment insurance records of the veteran to have been paid by him and on his behalf for the said fifteen weeks. . .

And so on. As I read this, the government's share of the civilian equivalent of contribution is not being paid out of moneys appropriated by parliament. If that was the intention, would the minister consider—

Mr. MITCHELL: I shall clarify it for my hon. friend. Section 94 deals with the contributions of the employer and the employee. Section 77, subsection 2, of the present act deals with the government contributions. You have the employer and employee contributions in section 94 and you get the government's contribution of twenty per cent in section 77, subsection 2, of the old act, which reads:

> The Minister of Finance shall also credit in like manner from time to time out of moneys provided by parliament an amount equal to one-fifth of the aggregate credits from time to time made as aforesaid after deducting from the said aggregate credits any refunds of contributions from time to time made under the provisions of this act from the fund.

That is a combination of the three classes.

Section 24 agreed to.

On section 25—Regulations concerning persons under same employer partly in insurable employment and partly in another employment.

Mr. GREEN: There are two paragraphs in this section, (o) and (p), on which I should like to ask the minister a few questions.

Apparently they are giving the employment service powers which they have not had heretofore.

Mr. MITCHELL: That is true.

Mr. GREEN: For example, paragraph (o) gives the employment service power to require every person who has engaged an employee, who ascertains that he requires or will require to engage an employee, or who ascertains that an employee has left or will be leaving his employment, to give notice to the employment service. Then the next paragraph reads as follows:

requiring every person seeking employment to notify the employment service of such fact and to supply prescribed incidental information in such manner and within such time as may be prescribed.

Surely it is not necessary to take powers which are so wide.

Mr. MITCHELL: We had that power, of course, under the national selective service. It is in effect. What we want to get is a running picture from day to day of the employment situation in Canada. That is the only reason for it. It has been carried on ever since national selective service regulations were instituted. It is still being done at the moment. That is the only reason it is in there. It is to give us a live picture of the movement of labour from day to day in the dominion.

Mr. GREEN: Does the minister think it will be possible to get every person who is looking for a job first to report that fact to the employment service? It seems to me to be an impossible requirement. It will never be carried out. It will be annoying to people who are looking for work and also to employers, if they have to report every time they want to hire a new employee. If they have to report that fact to the employment service it will mean that the employment service must keep many additional records and a large staff. I suggest to the minister that there is no need to go that far. Surely it is not the function of the employment service to put its finger into everybody's business in that way for all time in the future.

Mr. MITCHELL: I think it is. I am not a statistics fiend, and I have always been afraid of those people who have a stack of statistics under their arms. However, I believe it is well to have some knowledge of the labour market, of employment conditions, the numbers employed and all that sort of thing from day to day. I do not think you could enforce a thing like that in rural parts—

[Mr. Green.]

Mr. GREEN: You cannot enforce it anywhere.

Mr. MITCHELL: I think you can, in large measure. I do not mean in an enforcing sense, but I think it can be done with a degree of cooperation from both employers and employees. The hon. gentleman may rest assured that these powers will not be abused as far as I am concerned; but here we are endeavouring to obtain better and more up-to-date knowledge of what one might call the labour market and labour conditions throughout the country than we have ever had before. We have figures quoted here. I remember that just before the last election someone predicted that we would have half a million people unemployed by October of last year. I sometimes think some people were disappointed that we did not, because they had predicted it.

Mr. GREEN: The minister is not looking at me when he says that.

Mr. MITCHELL: No; I was looking at the hon. member for Regina City. I do say sincerely, however, that my hon. friend may rest assured that there will be no abuse of these powers as far as I am concerned.

Mr. GREEN: I suggest that the one thing more than anything else which made the employment service unpopular was that people had to line up there day after day and wait hours to get service. If now in peace time it is to be the plan that everybody looking for jobs must go to the employment service—

Mr. MITCHELL: No, absolutely not.

Mr. GREEN: —then you will have greater line-ups than ever; you will have your whole system clogged, and I suggest to the minister that he give careful consideration to this question before bringing in regulations that require everybody to report before getting work.

Mr. MITCHELL: I appreciate fully the import of what my hon. friend says. One reason I took the course of eliminating the controls in selective service was the very simple reason my hon. friend has just enunciated. I thought there would be such a tremendous movement of labour that our offices would not be able to handle it, that we would have congregations of people in downtown Vancouver, Montreal, Toronto and so on. Some of my officials warned me against the sudden dropping of these controls, but I said to them, "You will be amazed at what free men can do, how they will find a niche for themselves in the economy of this country." I believe our decision has been justified by what has happened since then. As I have said, over a million people were put into the

employment stream in the course of four months without any undue stress or strain on the employment service.

What I am driving at here, however, is merely a reporting system. I do not want people to go to employment offices, but we want to know the ebb and flow, the turnover in the labour market of this country. This may be a jump in the dark. It may be the wrong thing to do, but we feel that we can have a more reliable barometer of employment conditions by applying this very simple idea of reporting both by the employer and the employee, who, however, does not have to go to the employment office.

Mr. GREEN: But the great majority of these people will feel that they must go to the employment offices.

Mr. MITCHELL: If they are claiming benefits they will have to do so.

Mr. GREEN: I am quite certain a large number of them will not bother about reporting at all; therefore the minister's information will not be accurate because it will be only partial information. If my firm were going to engage a stenographer, for example, it would be a great nuisance to have to report to the employment service that we desired to employ a stenographer, and I am sure all firms will feel that way about it. They have had so many government reports to make out, both dominion and provincial, and have been so greatly handicapped in carrying on their business, that I do not see why the employment service should require these reports from either employees or employers.

Mr. MITCHELL: The hon. gentleman may rest assured that this power will not be abused.

Mr. MacINNIS: I am not sure whether or not it is necessary; but, as more people come under the Unemployment Insurance Act, if they are to be directed to employment it will be essential for them to report somewhere in order that they may be so directed. Otherwise there would be no control whatever of those who lose their employment. If the employment offices have not a list of the jobs vacant and another list of persons looking for jobs, I do not see how they can function. As more and more people are brought under unemployment insurance, the greater will become the need for these employment offices. For instance, if stenographers are under the Unemployment Insurance Act and my hon. friend wants to engage a stenographer, since stenographers who lose their employment must register with the employment office the obvious place for him to look for a stenographer is the employment office. Of course, if there is a huge unemployment pool and the supply of stenographers is much greater than the demand, then he might be able to get one by advertising or in some other way. I submit, however, that if the Unemployment Insurance Act is to operate properly, at least those who are receiving benefits under it will have to be registered in the employment offices.

Section agreed to.

Sections 26 to 28 inclusive agreed to.

On section 29—Secrecy of records.

Mr. CAMPBELL: Will the minister explain why this section is necessary? It seems to me that we have now quite a lot of difficulty in getting information, and this will make it worse.

Mr. MITCHELL: I think it is a fairly well established principle that there should be some privacy for the individual. That is an old British tradition. It is the only reason for this provision. Any information we get from the man or woman in regard to his or her personal affairs, in connection with an application, is confidential and should not be given to anyone else. That is the general practice.

Mr. CAMPBELL: Do you not have enough protection now without having this? Members of this house will be precluded from getting this information, too.

Mr. MITCHELL: This has reference to the public generally. Take yourself and myself as individuals. I think my private affairs are no business of anybody, and neither are yours. A man may come to the unemployment office and want somebody to find his wife for him, or find out something about her. That is not our business. We deal with people just as employees, and any confidential information we get from men or women should remain in the files of the offices. We do not want to be snoopers for people who want to find out information about others who are drawing unemployment insurance, or who are covered by the scheme and receiving benefits.

Mr. MacNICOL: You will have enough to do without that.

Mr. MITCHELL: Yes.

Mr. CAMPBELL: If we get a complaint in a certain case and want certain information, this will preclude members of parliament from getting it?

Mr. MITCHELL: No.

Section agreed to.

Sections 30 to 38 inclusive agreed to.

Bill reported.

PRINTING AND STATIONERY

ADVANCES TO KING'S PRINTER FOR PURCHASE OF MATERIALS

Hon. PAUL MARTIN (Secretary of State) moved that the house go into committee to consider the following resolution:

That it is expedient to amend the Public Printing and Stationery Act in relation to advances authorized to be made to the King's Printer for the purchase of materials to execute orders and requisitions and payment of wages, and to provide that the total amount of such outstanding advances shall at no time exceed the sum of two million dollars.

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

Mr. FRASER: Would the minister explain?

Mr. MARTIN: The purpose is to increase outstanding advances to the king's printer. These outstanding advances were in the amount of $700,000 in 1928. It is now proposed to regularize by legislation what was done in 1939 by order in council, namely to increase the amount from $700,000 to $2 million. This does not represent any expenditure. It is simply a revolving fund to enable the king's printer to make the necessary purchases of stationery which he has to furnish, in return for which he receives payments from the various departments of government. It is a sort of petty cash account.

Mr. MacNICOL: From whom does he get authority to make the expenditures?

Mr. MARTIN: He makes his report annually, and it is presented to parliament.

Resolution reported, read the second time and concurred in. Mr. Martin thereupon moved to introduce bill No. 245, to amend the Public Printing and Stationery Act.

Motion agreed to and bill read the first time.

REPEAL OF PROVISION OF ACT RESPECTING DUTIES OF CLERK OF PRINTING COMMITTEE

Hon. PAUL MARTIN (Secretary of State) moved the second reading of bill No. 127, to amend the Public Printing and Stationery Act.

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

On section 1—Repeal.

Mr. FRASER: Will the Secretary of State give us an explanation?

Mr. MARTIN: Section 3 of the Public Printing and Stationery Act which it is intended to repeal was passed during the session of 1888. It will be seen that the committee referred to in section 3 was therein empowered to employ a clerk independent of the authorities of the houses of parliament. The chairman of the joint committee on printing chose the job printing companies which were to handle the work and the clerk of the committee acting as his secretary had equal power. Section 3 of the Printing and Stationery Act is now obsolete, because the staffs of the Senate and the House of Commons have been reorganized, and their permanent officers, clerks and employees are appointed under the provisions of the Civil Service Act. Moreover, the committee has now no right to make appointments. Standing order 82 states that the Clerk has direction and control over all the officers and clerks employed in the offices subject to such orders as he may from time to time receive from Mr. Speaker or from parliament itself. According to section 3, which it is proposed to repeal, the chairman of the committee can theoretically ignore the Speaker and the Clerk of the house and give whatever orders he desires. Obviously it is desirable that this conflict should not exist, and that this obsolete section should be removed. That is the purpose of the measure.

Section agreed to.

Bill reported, read the third time and passed.

HOUSE OF COMMONS ACT

REPEAL OF PROVISIONS NOW SUPERSEDED BY CONSOLIDATED REVENUE AND AUDIT ACT

Hon. PAUL MARTIN (Secretary of State) moved the second reading of bill No. 125, to amend the House of Commons Act.

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

On section 1—Repeal.

Mr. MacNICOL: Will the minister explain the purpose of this bill?

Mr. MARTIN: It is to remove from the operative sections of existing statutes certain obsolete clauses. Prior to 1931 there was no provision in the Consolidated Revenue and Audit Act for issuing moneys out of the consolidated revenue fund for the administrative expenditures of the House of Commons. Letters of credit signed by the Speaker and two commissioners of internal economy of the house were periodically sent to the treasury for amounts required during a certain period, usually three months. The letter of credit was issued in favour of the accountant of the house who had been duly authorized to receive it by the Speaker.

In the revision of the Audit Act, during the session of 1931, the words "public moneys" were defined so as to include all revenue from any source whatsoever, and section 3 declares that all public moneys shall form the consolidated revenue fund of Canada. Section 27 of the revised act provides that all issue of public moneys out of the consolidated revenue fund shall be made under the direction of the comptroller by cheque. The procedure is laid out in regulations and other sections of the act. These cover the issue of moneys required for the House of Commons; and therefore sections 19 and 20 of the House of Commons Act, which it is intended to repeal under this bill, have not been used since 1931, are obsolete and useless and should be deleted from our statutes.

Section agreed to.

Bill reported, read the third time and passed.

EXPORT CREDITS INSURANCE ACT

ENLARGEMENT OF PURPOSES FOR WHICH CREDITS MAY BE USED

Hon. J. A. MacKINNON (Minister of Trade and Commerce) moved the second reading of bill No. 126, to amend the Export Credits Insurance Act.

Mr. MacINNIS: As I remember, the minister did not speak on the resolution stage of this bill and I was wondering if he had a statement to make to the house on the second reading.

Mr. MacKINNON: I have a statement to make, but I could not possibly make it in the few minutes that are left and I suggest that we call it eleven o'clock.

Mr. FRASER: When the minister is making his statement will he indicate what the manufacturers' association and the chambers of commerce agreed to at their last meeting, at which departmental officers were present?

Mr. MacKINNON: I shall be glad to do that.

On motion of Mr. MacKinnon the debate was adjourned.

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

Friday, July 5, 1946

The house met at three o'clock.

VETERANS AFFAIRS

Twelfth, thirteenth and fourteenth reports of the special committee on veterans affairs.—Mr. Tucker.

ARMY AND NAVY VETERANS

Mr. W. A. TUCKER (for Mr. Cleaver) moved the first reading of bill No. 244, respecting the Army and Navy Veterans in Canada.

Motion agreed to and bill read the first time.

PARIS PEACE CONFERENCE

INQUIRY AS TO CANADIAN REPRESENTATION

On the orders of the day:

Mr. JOHN BRACKEN (Leader of the Opposition): I wish to direct a question to the Prime Minister. It has to do with the announcement of the peace conference to begin on July 29. The question is this: Has the Prime Minister or the government been invited to that conference and, if so, is it the intention of the Prime Minister to go? Perhaps I might be permitted to observe that in my judgment this country would expect him to go, and I think parliament would expect it. I may add, for those whom I represent, that if he should go we shall be disposed to facilitate the work of the house during his absence.

Right Hon. W. L. MACKENZIE KING (Prime Minister): May I say to my hon. friend in reply that up to the present no invitation has been received by the government of Canada to be represented at the Paris conference on July 29. I have no doubt that it will come in due course, and as soon as the invitation has been received I shall endeavour to inform the house as to the action the government is prepared to take upon it. May I say to my hon. friend at once that I appreciate the words which he has just addressed to myself and to the house, and thank him for them. What decision may be ultimately reached, as I have just said, will be made known in due course.

UNITED NATIONS

ECONOMIC AND SOCIAL COUNCIL—PREPARATION FOR WORLD TRADE CONFERENCE

On the orders of the day:

Right Hon. W. L. MACKENZIE KING (Prime Minister): May I answer a question which was addressed to the Minister of Trade and Commerce yesterday by the hon. member for Peel (Mr. Graydon). The question was:

Will the minister make a statement as to what steps are being taken and what progress is being made by the united nations economic and social

council by way of the preparation for the prospective world conference? Is there a possibility that the conference will be called this year?

The answer to the question is as follows:

Following the adoption of a resolution by the economic and social council, the secretary-general of the united nations has announced that arrangements are being made for a preparatory committee to meet in London on the 15th October, 1946, "so that a further constructive step may be taken towards freeing the productive forces of the world."

The following nations are members of the preparatory committee: Australia, Belgium-Luxembourg, Brazil, Canada, Chile, China, Cuba, Czechoslovakia, France, India, Lebanon, the Netherlands, New Zealand, Norway, Union of South Africa, the U.S.S.R., the United States and the United Kingdom. The suggested basis of discussion is as follows:

(a) International agreement relating to the achievement and maintenance of high and stable levels of employment and economic activity; (b) International agreement relating to regulations, restrictions and discriminations affecting international trade; (c) International agreement relating to restrictive business practices; (d) International agreement relating to intergovernmental commodity arrangements; (e) Establishment of an international trade organization, as a specialized agency of the united nations, having responsibilities in the fields of (b), (c) and (d) above.

The secretary-general announced that in view of the scope and complexity of the preparatory work which will be necessary before the international conference on trade and employment can be held, it will not be possible to hold the conference until next year.

Negotiations relating to tariff changes will, it is expected, be held early in 1947. Work is now being done in various countries on this specific aspect of the proposals, but it is not possible for a date to be fixed at this time.

The second question is answered by what I have already said.

BUSINESS OF THE HOUSE

STATEMENT AS TO FURTHER LEGISLATION

On the orders of the day:

Right Hon. W. L. MACKENZIE KING (Prime Minister): I should like to give the house such information as I am in a position to give in answer to the question which was asked a day or two ago by my hon. friend opposite as to the further business of the house this session. I would preface anything I have to say by making clear that one or two matters might come up that I have overlooked or have not in mind at the moment, or of which the government has no knowledge at the moment, which will require consideration before the session is over. But I believe I can outline in pretty complete fashion the measures which still remain to be considered, and generally the amount of work which will have to be covered before the session comes to a close.

First of all, I need not enumerate the bills or resolutions which are already on the order paper, and I need not enumerate the measures which are before the Senate. I would regard anything that is now on the order paper either of the House of Commons or of the Senate as part of the business that is still to be completed before the session is over. The chief item of business, of course, will be the consideration of the budget. The debate on the budget will begin on Monday of next week, and it is the intention of the government to have the debate proceed pretty much without interruption, save that possibly one day a week may be devoted to taking up bills which are on the order paper so that a little more latitude may be allowed for consideration apart from debate of certain aspects of the budget debate, also to help keep the order paper cleared of some of the bills which may be accumulating and which it might be well to have before the other house without too much in the way of delay. How long the budget debate may continue I am not in a position to say. I leave it to the members to judge for themselves as to how far it may be advisable for the different parties in the house to seek to agree among themselves as to the amount of time they would wish to take in the discussion of the general resolutions. It may be that by conference between the whips and by agreement of the members of the different parties themselves it would be possible to limit the number of speeches that will be made.

May I make it clear that I do not wish in any way to shorten the business of this session or cause it to be pressed on unduly. Any suggestion I am making is what I believe to be in accordance with the wish of hon. members that we should if possible conclude the business before we get into the autumn. Looking at what there remains to be done I confess that unless there is some kind of organization among the different parties of the house, I see no prospect of the house adjourning for some little time to come. I do think that a little more organization will help to get over that possibility.

There will be in addition to the main debate, the several resolutions and bills based on the budget. Their consideration will take some

time. They will constitute one of the major subjects of discussion. There are, of course, the estimates that still remain to be passed, and they are considerable in volume.

The next category of measures which may take some little time, it seems to me, are the bills which have to do with veterans' affairs. Some of these measures cannot be introduced until after the committee which has been considering veterans' affairs has made its final report. There are several of these bills. I hear the minister saying twelve. I am prepared to accept that at the moment, but I should be surprised if there may not be more before we are through. However, that brings me to something which I shall state very clearly to the house.

Some bills will be necessary which otherwise would not unless it is possible to obtain from the house permission to continue a little longer than is at present provided in the statute the time allotted for the continuance of the National Emergency Transitional Powers Act. As hon. members are aware, that act expires within fifteen days after the meeting of the house, at whatever time parliament reassembles. In considering the situation very carefully the government has come to the conclusion that there are some powers now exercisable under order in council that will have to be continued under special enactments at this session unless the house is agreeable to extending a little longer than is at present provided the powers that are now granted under order in council. I am going to ask the house to consider very carefully whether it would not be prepared to allow the government to have, instead of fifteen days after the reassembling of parliament, a period of sixty days during which such orders in council as it may seem desirable to have maintained, may be continued. It will be apparent from what we have seen elsewhere that were certain powers to have to be discontinued at a definite moment, almost immediately thereafter regret might be experienced that the existing powers had not been continued a little longer. The government does not wish to exercise any powers that are not absolutely necessary. On the other hand we do not wish to run the risk of not having the powers that may be necessary to meet emergent situations that may still continue. I am going to ask on behalf of the government, as I have said, that parliament consider amending the National Emergency Transitional Powers Act in one particular. Section 6 at present reads:

> Subject as hereinafter provided, this act shall expire on the thirty-first day of December, one thousand nine hundred and forty-six, if parliament meets during November or December, one thousand nine hundred and forty-six, but if parliament does not so meet it shall expire on the fifteenth day after parliament first meets during the year one thousand nine hundred and forty-seven . . .

That is the fifteenth day after parliament meets in 1947. The government would like to bring in a measure under which this section would be amended to extend the time to the sixtieth day after parliament meets instead of the fifteenth day after parliament meets. I realize that in considering this proposed amendment hon. members will wish to know at what time parliament is likely to reassemble. I believe it would be meeting the wishes of hon. members generally if I were to give an immediate undertaking that, unless something unforeseen may occasion us to call parliament sooner than the time I am going to mention, or something occur which might render it desirable to take an extra week or two before calling parliament, parliament will be called before the end of January, probably the last week in January. That would mean we would be asking to be authorized to continue in force orders in council with respect to a number of matters that we regard as more or less essential, until sixty days after the time parliament reassembles. If we are not granted that power, of course we shall have to introduce a number of bills to give us authority under statute to continue until that time powers we feel may be essential to meet emergent situations.

For the past several months officers of the Department of Justice and officials of the other departments most directly concerned have had under close examination all the orders in council which derive their authority from these statutes, that is the National Emergency Transitional Powers Act, 1945 and the War Measures Act, with a view to the elimination of those no longer necessary to enable the government to deal effectively with problems of the transition period which are national in scope. As a result I am now in a position to make a report to the house on this important subject and to indicate the extent and nature of the problem, giving certain of the more significant figures involved.

Of the total of 7,103 orders in council under the emergency powers, no less than 4,015 already have been revoked or have expired or are spent. Some 90 more can and will be revoked very shortly. Some 624 will be allowed to expire with the expiry of the National Emergency Transtional Powers Act, 1945. It has been found that 127 can be re-enacted adequately under other statutes. Of the balance of 2,247, some 1,541 are minutes authorizing war duties supplements for government

employees. The remaining 706 orders in council constitute the real body of the government's existing emergency powers. They cover such miscellaneous and important subjects as the following: the constitution and operation of the various agricultural and fish products boards, by means of which Canadian supplies are maintained and contract commitments met in the critical world food situation; the maintenance and operation of price controls, rationing and distribution; regulations respecting enemy patents and other enemy property; wage control and emergency labour relations regulations: entry into Canada of dependents of ex-service men; the winding up of ex-servicemen's estates; procedure for salvage operations by naval vessels; controls upon the supplies of fuel, timber, steel and construction materials; control of exports, and the operations of the Canadian wheat board. That is not an exhaustive list, but these are specimens.

It will be evident at once that until the peace treaties have been signed and until world conditions have become more settled, many if not all the powers conferred by this group of orders in council will have to be continued for periods of time which will vary according to circumstances. At the same time it will be recognized that it would be a task of major proportions to translate into legislation all the orders in council which in the national interest need to be retained during the transition period.

I might leave the matter at that and give hon. members an opportunity to carefully consider what attitude they may wish to take when the measure is brought forward; but it is the intention of the government to bring in a bill to amend the act as I have just indicated, asking for that extension of time. It may be that hon. members may wish to ascertain the attitude of the government toward some measures I have not mentioned. In connection with anything of the kind the government will endeavour to give the fullest possible information.

In addition to what I have mentioned as to the bills already on the order paper and those that may come to us from the senate, I should mention that there may be some bills arising out of the reports of the committees of the house. One cannot say exactly what they will be until we know what is contained in the reports of the committees. However, I have here a further list of bills that we expect to bring in and dispose of during the present session. They are bills respecting the financing of the Canadian National Railways; to amend the criminal code; to amend the Immigration Act, consequent upon the Canadian Citizenship Act; respecting the Department of National Defence, having to do with the ministers and deputy ministers of the department; to amend the Canadian broadcasting act; respecting the Canadian information service; to amend the Federal District Commission Act; respecting Quebec branch line construction, Canadian National Railways; respecting the Toronto harbour commissioners; respecting merchant seamen's compensation; to amend the National Housing Act, 1944; to amend the Militia Pension Act; to ratify Canada-United Kingdom tax agreements; re Canadian war crimes regulations; possible legislation respecting Canada's membership in the united nations organization, and a possible amendment to the Superannuation Act.

That is quite a list, but most of the measures I have mentioned are I believe, noncontroversial and will not involve much in the way of discussion. It is nevertheless a lengthy bill of fare, and if we are to conclude the work of the session reasonably soon it will, I think be necessary, as I have said, for the whips of the different parties to meet together and see if they cannot arrange some general plan of organization that will help expedite the business.

Some hon. members have spoken about when we will begin morning sessions.

Mr. MacNICOL: And Wednesday evening.

Mr. MACKENZIE KING: And Wednesday evening, as my hon. friend says. I can see there is a disposition to expedite matters and a readiness to begin morning sessions fairly soon. However, I doubt if it would be wise to attempt the morning sessions until we conclude the debate on the budget. It has been customary not to begin morning sessions until the reports of the different committees have been made to the house, and I should hope that the reports of most committees might be in by the time the debate on the budget is concluded. If that should be so, then I think the government would be prepared, if the house is willing and so desires, to begin morning sessions about that time.

Hon. members will have seen that I have a notice on the order paper to take Wednesday evenings. I have learned, since having the notice inserted, that in some parts of the house there is the feeling that if we are to have morning, afternoon and evening sittings, we ought to have one evening in the middle of the week which we can call our own. If that is so, I shall not press the motion now on the order paper.

Mr. MacNICOL: I was only trying to help.

Mr. JOHN BRACKEN (Leader of the Opposition): Mr. Speaker, the Prime Minister has referred to the programme of work for the remainder of the session, and the means for expediting it. If I understood him correctly he indicated that the work now on the order paper in the form of bills or resolutions should be proceeded with, that any work before the other chamber should be proceeded with, and that any work arising out of reports of committees should be proceeded with; and has read a dozen or more bills which are still to come before the house. From all that, on top of the budget and the estimates, it is apparent that we have a heavy programme of work still to complete, without adding anything more.

The Prime Minister has indicated further that if the National Emergency Transitional Powers Act is to be discontinued fifteen days after the next session, still another batch of legislation will have to come in at this session; and he has raised the question whether the house would agree to extending that measure from fifteen days to sixty days after the next session meets, in order to obviate the necessity of considering a large number of additional bills at this session. I believe I have stated correctly his summary of the situation.

Mr. MACKENZIE KING: Yes.

Mr. BRACKEN: I would say, speaking for this party, that in view of the heavy programme we now have before us it would be better to approve the amendment, rather than to have still another lot of legislation, some of which might be contentious, brought before us. But I do that on one condition, and that is that the house meet in January, not in March. If we meet in January instead of March, even with the extension of the Emergency Powers Act from fifteen days to sixty days after the time of opening of the next session, the bill would still terminate as early as under the present legislation. I gather that the Prime Minister, speaking for the government, is prepared to follow the suggestion he has made as to the date of opening the next session. That suggestion, I believe, meets with the wishes of this section of the house, and I should hope with those of other sections.

No further observations would seem necessary at this time. If the government wishes to hold consultations with respect to the means by which the work of the house can be expedited, we should be glad to sit in either with representatives of the government, or with the whips, or any other persons with authority to speak.

Mr. ANGUS MacINNIS (Vancouver East): Mr. Speaker, the Prime Minister has outlined a heavy programme of legislation. I would say that if we are going to deal with it, following the ordinary process and giving the consideration which is usually given to legislation of this kind, we should not try to do it by forced marches—that is by sitting morning, noon and night—because we cannot do it properly in that way.

The other matter to which he referred was the extension of the National Emergency Transitional Powers Act for about sixty days after the house meets. This party has not discussed that point, and I cannot speak for it with authority, although I believe we would be agreeable. I would point out, however, something which perhaps affects hon. members to my right more than it affects us. During the last four or five years, while the Prime Minister was passing these several thousand orders in council to which reference has been made, we were panning the government because it was legislating by order in council. Now we are willing to extend that power for some time longer in order to get home a little earlier. It does not look good to me. If it is wrong to legislate by order in council, then it is wrong to do it even though it would allow us to return to our homes a little earlier.

As to the matter of arranging the business of the house and trying to expedite it in some way, I believe I can say that this group will be ready to assist in that—and when we do, it will include all our members. There will not be any free lances who are not subject to the decisions arrived at.

Mr. CASSELMAN: What about the agreement last year with regard to closing? You had a lot of free lances then.

Mr. MacINNIS: No; we carried out our agreement. We were not the party which violated that agreement.

Mr. ROSS (Souris): You were the first to do it.

Mr. MacINNIS: Not at all. As to the matter of morning and Wednesday evening sittings, we shall have something to say about that when the proposals in respect thereto come before the house.

Mr. SOLON E. LOW (Peace River): Mr. Speaker, I have little to add to what has already been said about the projected programme, except this, that I think it might be wise if the Prime Minister were to give consideration to having the Wednesday sittings extend to seven o'clock. This would give us four hours instead of three on that day, with the understanding that the members would

not be called back for the remainder of the evening. In my opinion this extension would serve a useful purpose because on Wednesdays we do not get very much done in three hours. Anything we consider is, as a rule, something of an innocuous or unimportant nature. Four hours would give us a chance to do something more important on that day.

So far as the extension of the National Emergency Transitional Powers Act is concerned, I believe I am speaking for this group when I say we would be prepared to support the Prime Minister's suggestion provided that the next session is called in the latter part of January. If it is to be called later than that, then of course the extension would not be wise.

We shall be prepared to work with the Prime Minister in having frequent discussions to see if it is not possible to arrive at decisions which will expedite the business as much as possible, consistent with care.

Mr. KNOWLES: I should like to ask the Prime Minister if in giving the list of additional bills he forgot the promise made by the Minister of National Health and Welfare (Mr. Claxton) that legislation would be introduced respecting old age pensions. This promise was made on June 24 and will be found reported on page 2793 of *Hansard*.

Mr. MACKENZIE KING: I should like to just look at the promise and then perhaps give my hon. friend a word in relation to it a little later.

Mr. ADAMSON: Is it the intention of the government to introduce a resolution based upon the recommendations of the special committee on standing orders for expediting the business of the house, made earlier this session and reported in *Votes and Proceedings* of April 10? Is the committee to sit again?

Mr. MACKENZIE KING: If we are anxious to expedite the business of the house I imagine it would be advisable to go on with the legislative programme I announced this afternoon and leave the consideration of the report of the committee on the rules of the house until we see what progress we make with other things.

HOUSING

VETERANS—ALLEGED IRREGULARITIES—INVESTIGATION BY MOUNTED POLICE

On the orders of the day:

Mr. J. A. ROSS (Souris): Mr. Speaker, I should like to ask a question of the Minister of Veterans Affairs, based upon a report in this morning's press to the effect that the Royal Canadian Mounted Police in Montreal have exposed an alleged black market of homes built for war veterans in a government-approved Veterans Land Act project at Boucherville, across the St. Lawrence river and east of the city of Montreal. The article is headed, "Say Veterans Charged $4,000 Extra for Homes". Will the minister say what foundation there is for this report?

Hon. IAN A. MACKENZIE (Minister of Veterans Affairs): Mr. Speaker, I received no notice of my hon. friend's question. I saw the report in the press this morning. May I inform the hon. member that I received notice in January, before I went west to Winnipeg, and in five minutes I directed the Royal Canadian Mounted Police to have investigations made immediately. Their final report has not yet come in. If any impropriety is discovered, we shall promptly rest the matter with the courts for final disposition.

Mr. ROSS (Souris): But the minister has had reports on it?

Mr. MACKENZIE: We have had suggestions of impropriety, but no final report.

WHEAT

NEGOTIATIONS BETWEEN BRITISH AND CANADIAN GOVERNMENTS

On the orders of the day:

Mr. JOHN BRACKEN (Leader of the Opposition): Mr. Speaker, I should like to ask a question of the Minister of Trade and Commerce. Will he inform the house as to the present standing of negotiations between the British and Canadian governments with respect to the sale of Canadian wheat?

Hon. J. A. MacKINNON (Minister of Trade and Commerce): In addition to the question of the leader of the opposition I have received a somewhat similar inquiry from the hon. member for Melfort (Mr. Wright). In reply I would say that I have nothing to add to the statement I made in the house a few days ago. There is nothing mysterious about the delay. Conversations have just been adjourned for the time being.

1943-44 WHEAT BOARD REPORT—QUESTION OF REFERENCE TO COMMITTEE

On the orders of the day:

Mr. T. J. BENTLEY (Swift Current): I should like to ask the Minister of Trade and Commerce a question, of which I sent him notice. Is it the intention of the government to refer the 1943-44 wheat board report to the agriculture committee of the house at this session?

Hon. J. A. MacKINNON (Minister of Trade and Commerce): No consideration has been given to referring the 1943-44 wheat board report to the agriculture committee, but I see no objection. I am perfectly agreeable to doing this if there is a general desire on the part of hon. members that it should be done. I am not just aware of the formula, but my understanding is that it can be done by any hon. member or members asking the chairman of the agriculture committee that it be done.

COAL

SHORT SUPPLY IN CENTRAL PROVINCES

On the orders of the day:

Mr. J. R. MacNICOL (Davenport): I should like to ask a question of the Minister of Reconstruction. I have not sent him notice, because I know he will be capable of answering it without notice. My question is based upon an interview I had last Saturday with one of the most prominent coal dealers in Toronto. He thoroughly alarmed me as to the serious outlook of obtaining coal for the city during the coming fall and winter. The minister has a thorough knowledge of the situation, and I wish he would reassure the house and the country that there will be ample chance of getting coal.

Right Hon. C. D. HOWE (Minister of Reconstruction and Supply): I regret that I cannot give a more optimistic report than I have given in the past. Shipping is returning to normal; the coal mining situation is normal at present and shipments are much improved. However, I should be a very bold man indeed if I predicted that there would be sufficient coal in any city in the provinces of Ontario and Quebec next winter to meet the full requirements for heating purposes. The government is doing its best to improve the situation. A little later in the session I shall give a more detailed report.

CANADIAN FORCES

TRANSPORTATION TO CANADA OF SERVICE PERSONNEL AND WIVES AND CHILDREN

On the orders of the day:

Mr. GORDON GRAYDON (Peel): For the purpose of bringing the house up to date on the matter I wonder if the Minister of National Defence could inform us approximately how many Canadian service men and women still remain overseas, and also approximately how many Canadian war brides and their children are awaiting transportation from the United Kingdom to Canada? Perhaps the minister could indicate when he expects this movement to be completed.

Hon. DOUGLAS ABBOTT (Minister of National Defence): My hon. friend was good enough to give me notice of his question. As the house is aware, these figures change almost from day to day. As of June 30 there were approximately 11,500 army personnel and 2,400 air force personnel, or a total of approximately 13,900 still overseas. There were approximately 18,500 women and 5,200 children, or a total of approximately 23,700 still overseas. Our arrangements for shipping continue to be satisfactory. I cannot hazard a prophecy as to the exact date when they will all be returned, but it should be before the end of the year.

RECONSTRUCTION COUNCILS

INQUIRY AS TO TERMINATION OF ACTIVITIES

On the orders of the day:

Mr. H. C. GREEN (Vancouver South): I should like to direct a question to the Minister of Reconstruction and Supply. Press dispatches in the last day or two have intimated that it is the intention of the government to do away with the regional reconstruction councils. Is the minister prepared to make a statement on this matter.

Right Hon. C. D. HOWE (Minister of Reconstruction and Supply): It is the intention of the government to do away with the regional reconstruction councils. These councils were established to act as advisers to the government on matters affecting the transition from war to peace. They have served a very useful purpose indeed. They have given the government excellent advice on matters having to do with that transition. To-day the transition has largely been effected. Canada's private construction programme is heavier than was expected with the result that the work of the councils has declined to a point that does not justify continuing them indefinitely; therefore arrangements have been made to terminate their work at an early date.

Mr. GREEN: Did they not have the duty also of advising on research questions and other work of the kind.

Mr. HOWE: Yes. A representative of the research council was attached to each regional council, and this representative will be kept at work in the locality. The services of these representatives have been much in demand, and will not be withdrawn.

EMERGENCY POWERS

QUESTION OF CONSULTATION WITH PROVINCES ON PROPOSED EXTENSION

On the orders of the day:

Mr. J. G. DIEFENBAKER (Lake Centre): In view of the recent decision of the privy council with regard to a local option case in Ontario and the doubts cast on the power of parliament to pass legislation, and also in view of the fact that provincial rights under section 92 will be interfered with by the extension that is to be asked for and which was referred to to-day by the Prime Minister, may I ask if the provinces will be consulted in regard to this matter?

Right Hon. L. S. ST. LAURENT (Minister of Justice): I am sorry but I cannot agree with the hon. member for Lake Centre as to the construction to be put upon the judgment of the privy council in the Canada Temperance Act case. I do not think it is necessary or desirable to consult the provinces on the extension of the emergency powers legislation for forty-five days when this parliament will be in session in 1947. If it appears that there are matters which should no longer be dealt with on the basis of a national emergency, I think the house will be prepared to trust the government to make the necessary repeals. In my view many of the matters referred to a few moments ago by the Prime Minister present an emergency situation and still require to be dealt with on a national basis. There are only one of two courses to adopt. We should ask parliament to provide by legislation at this session for the situation which may still exist after the fifteenth day after the opening of the next session, or we can wait until the next session to have a look at the situation then and ask parliament to deal with it at that time. I think parliament would probably be in a better position at that time to dispose of these matters than it would be if it attempted now to foresee what might be the requirements of the months of February and March, 1947.

Mr. DIEFENBAKER: Is that the reason for the extension?

Mr. ST. LAURENT: Yes.

LABOUR CONDITIONS

TYPOGRAPHICAL UNION—SOUTHAM NEWSPAPERS

On the orders of the day:

Mr. STANLEY KNOWLES (Winnipeg North Centre): Is the Minister of Labour in a position to report any progress in settlement of the dispute between the international typographical union and the Southam newspapers? May I ask in particular about the situation in Vancouver?

Hon. HUMPHREY MITCHELL (Minister of Labour): I thank the hon. member for giving me notice of his question. Yesterday, at the request of Hon. George S. Pearson, Minister of Labour for British Columbia, I appointed an industrial disputes inquiry commission composed of Brigadier Sherwood Lett, K.C. as chairman, C. B. Delbridge, and R. K. Gervin, to deal with the dispute affecting the *Vancouver Province* division of the Southam Company Limited and the international typographical union.

UNEMPLOYMENT INSURANCE ACT

CLARIFICATION AND EXTENSION OF PROVISIONS AND BENEFITS

Hon. HUMPHREY MITCHELL (Minister of Labour) moved the third reading of bill No. 243, to amend the Unemployment Insurance Act, 1940.

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

YUKON PLACER MINING ACT

CONCURRENCE IN SENATE AMENDMENTS

Hon. J. A. GLEN (Minister of Mines and Resources) moved the second reading of and concurrence in amendments made by the senate to bill No. 62, to amend the Yukon Placer Mining Act.

He said: Mr. Speaker, this bill which was before the house went to the other place and has come back with several amendments. In section 2 there are two words which I think have been properly deleted. That is, after the word "both" the word "such" has been deleted. I think that adds strength to the section. In subsection 2, the word "shall" has been deleted and the words "may in his discretion" have been substituted therefor. That leaves it in the discretion of the magistrate to confiscate any gold that may be taken. On page 2, in line 5 of the bill, the word "evidence" has been substituted for "proof". On page 2, line 7, the words "has reason to suspect" have been deleted and "has reasonable and probable grounds for believing" have been substituted. That I think adds to the strength of the section. A similar amendment is made in line 8, where the words "has reason to believe that any person" have been inserted. The amended subsection 4 now reads:

Where any peace officer has reasonable and probable grounds for believing that any person has committed or has reason to believe that any

person is about to commit an offence described in subsection one or has in his possession or in his belongings any gold . . .

And so forth.

The important amendment made by the senate deals with subsection 5, where the following is inserted:

No female shall be searched pursuant to this section except by a suitable woman who is a peace officer or is authorized by the peace officer to make the search.

That is in line with the practice. I think that these amendments should be concurred in.

Mr. GEORGE BLACK (Yukon): Mr. Speaker, I have considered the amendments made by the senate to the bill as it passed this house, and I think that their general effect is to improve the bill; therefore they should be accepted. In that I agree with the minister.

Motion agreed to; amendments read the second time and concurred in.

EXPORT CREDITS INSURANCE ACT

ENLARGEMENT OF PURPOSES FOR WHICH CREDITS MAY BE USED

The house resumed from Thursday, July 4, consideration of the motion of Mr. MacKinnon for the second reading of bill No. 126, to amend the Export Credits Insurance Act.

Hon. J. A. MacKINNON (Minister of Trade and Commerce): Mr. Speaker, at eleven o'clock last night the hon. member for Vancouver East (Mr. MacInnis) suggested that I make a statement on the bill. I am glad to do that.

This bill is being presented as an amendment to the Export Credits Insurance Act for two main purposes: first, in order to extend the authority of the Export Credits Insurance Corporation so that it may offer to Canadian exporters insurance protection equivalent to that which can be obtained by exporters in foreign countries; second, to enlarge the purpose for which the credits granted to foreign governments or their agencies may be used.

The Export Credits Insurance Corporation has been set up under part I of the act to assist in the development and expansion of Canada's export trade by offering Canadian exporters insurance protection against the main risks of loss involved in foreign trade.

The main changes to part I which are being requested as a result of the experience which the corporation has gained during the first six months of its active operations, are as follows:

(a) To allow the corporation to insure an exporter against any risk of loss under an agreement for the export of goods as well as any risk of loss involved in the actual export of the goods. The original act authorized the corporation to insure an exporter only after the goods had been shipped, whereas it is desirable, in order to promote the increase of Canada's foreign trade, to insure exporters immediately they enter into contracts with foreign buyers:

(b) To allow the corporation to insure an exporter against all risks of loss involved in foreign trade arising from events which are beyond the control of the exporter, whereas the original act allowed the corporation to insure against certain specific risks only; and

(c) To allow the corporation to insure all goods which are exported from Canada, whether they be Canadian-produced goods or imported goods which are reexported. The reexport of goods forms a minor but integrated part of Canada's export trade.

These extensions of the insurance protection which should be offered by the corporation have been authorized under order in council P.C. 5845 of August 31, 1945, which order in council will, of course, be cancelled upon passage of this bill.

The amendments to part II of the act are designed chiefly to enlarge the purpose for which credits may be used and fall into three main classes.

(a) There are first the amendments designed to enable a credit to be used for the purpose of paying for Canadian services. Under the act as it now stands, a credit can only be used for the purpose of paying the cost of Canadian-produced goods. There has been a demand by some countries for Canadian shipping services, engineering services, etc. and it is considered that the act should be wide enough in terms to meet reasonable demands of this nature.

(b) The second class of amendments is designed to enable a foreign country to make the credit available to private importers in the country concerned. As the act now stands it is necessary for the foreign government itself or some agency of the foreign government to purchase goods directly from an exporter. It is considered to be most desirable that ordinary channels of trade be established as quickly as possible and that private importers in the various countries to which credits have been granted should get in touch with their opposite numbers in Canada.

(c) The third class of amendments, enlarging purposes for which credits can be used, would enable foreign governments to purchase Canadian-produced goods from the crown or

crown corporations such as War Assets Corporation. Under the act a foreign government is required to purchase from an "exporter", and doubt has arisen whether the crown or a crown corporation is an "exporter" within the meaning of the act. It is desirable that foreign governments should be allowed to use the credits to purchase Canadian-produced goods from the crown or agencies of the crown, for example, that foreign governments should be allowed to purchase surplus equipment and supplies from War Assets Corporation.

Last evening the hon. member for Peterborough West (Mr. Fraser) asked me a question from which I gathered that he is interested in the views of the Canadian chambers of commerce and of the Canadian Manufacturers Association with regard to the decision of the government to provide export credit insurance. I am glad to say that the Export Credits Insurance Corporation has received the active support and cooperation of the Canadian Manufacturers Association, the Canadian chambers of commerce and the Canadian Exporters Association. At the recent chamber of commerce foreign trade conference held in Hamilton in May, and at the Canadian Manufacturers Association annual convention held in Toronto in June, officials of the Export Credits Insurance Corporation were present to explain the services offered by the corporation. A number of questions were asked which indicated considerable interest in the proposal, but I am informed that no formal resolutions were passed dealing with the matter.

I might add that I was personally present at the annual meeting of the Canadian chambers of commerce at Hamilton in May, and this matter was discussed there informally, and also formally I believe, when I received nothing but the greatest support from people in business so far as this legislation is concerned.

Mr. H. R. JACKMAN (Rosedale): Undoubtedly every Canadian will support any programme of the government to facilitate exports, particularly in a time of declining employment. There is one point, however, on which the minister may be able to give us some enlightenment. The total income of our people, the so-called gross national product as compiled by the Dominion Bureau of Statistics, is now at least double what it was in normal times. With that amount of purchasing power in the hands of our Canadian people, I believe the total domestic consumption of goods will be much greater than formerly, and it follows that in connection with certain products we as a government or a parliament may be putting too much emphasis upon the export of certain products which might be used by our own people.

What I am suggesting is that whereas Canadians as a whole used *X* number of shirts and shoes in 1939, now with the greatly expanded income we may expect to find that those who were on the narrow margin of subsistence, with merely one pair of shoes or one extra shirt, will have a better supply of this world's commodities. Therefore we must realize that Canadian industry must provide for the higher standard of living represented by the present higher national income which we are striving to maintain.

Of course we must direct our greatest attention to facilitating exports of many of our basic raw materials, the products of the mine, the forest and agriculture. But of some of the secondary products of industry I wonder whether we are not taking from our own people and endeavouring to find export markets when we have right at our front door a home market which is always much better than an export market. Perhaps the minister's economists have given some thought to this question. Certainly it is something we should seriously consider when granting insurance credits to companies that manufacture locomotives, let us say, and other products which are not, if I may use the expression, indigenous to Canada, where workmen and products entering into the manufacture of such articles might be used for building homes and supplying other needs for Canadians.

I have been at a loss to follow the working of the Export Credits Insurance Act because I do not find available yet the report of the corporation authorized under that act, namely, the Export Credits Insurance Corporation.

Mr. MacKINNON: It was tabled.

Mr. JACKMAN: I inquired for it at the distribution office as late as this morning, but I could not get it there, nor did they have a record of it.

Mr. MacKINNON: I may be wrong, but my understanding is that the report was tabled some weeks ago.

Mr. JACKMAN: I shall try to get it from the parliamentary papers branch, but I think it should be made available to all members, and they should receive the usual notification from that department, where one usually obtains such documents. On inquiry of certain business men I have found that the corporation has not been used extensively, though the report may show what the volume has been. I hope that in his reply the minister will give us some idea of the loss up to date. Perhaps

sufficient time has not yet expired to enable the officials to find out whether or not some of these insurance credits will involve us in any loss, and what the premium cost to the insurers has been. In one or two cases I have heard the criticism that the cost is fairly high. However, I should think the question whether the department has had losses in the running of the corporation might indicate the facts in that regard.

The minister said that the amendment before us will also help to provide working capital to manufacturers in Canada who intend to export their products. If it is necessary, it is a good idea, but I think the state of most corporations in Canada to-day is such that they have adequate working capital. If they are efficient corporations and have come through the war period doing a large volume of business, most of them have sufficient working capital. I should be glad if the minister would let us know just what need this amendment is to provide. Have there been many requests from manufacturers in Canada for payments in advance of finishing the products which they intend to export? As a rule if a company has no working capital it is not a very strong company financially, and it is not strong financially because it is not efficient.

The minister also said that the amendment would include a guarantee of payment to Canadians who are rendering service particularly in shipping to foreign countries. I hope that guaranteeing services of this kind will not run the country into losses, because it is a dangerous thing to guarantee services such as shipping if we cannot compete economically. We also run the danger here, as we do so frequently when governments intervene in business, of having a race with other countries. If we guarantee a country which employs our shipping, then the Scandinavian countries, or Britain, or some other country, must also guarantee their shippers against loss. It is a difficulty which one always runs into when governments take a hand in subsidizing exports, whether of goods or services.

The only other point I wish to draw to the attention of the government has to do with a question which the Canadian Chamber of Commerce has under consideration in a recent issue of their periodical, namely, that they do not look with favour upon the government entering into trade associations with other countries. Their suggestion was that the actual trading should always be left to the individuals or concerns in the particular country, and that the government itself should not become involved in these matters.

Any other questions that I wish to bring to the attention of the minister can be discussed in committee on the relevant sections.

Mr. N. J. M. LOCKHART (Lincoln): Can the minister indicate the number of employees that will be required to carry on all these services—the advisory council, the corporation, and so forth—and the extent to which he feels that this work is necessary? I may be a little pessimistic, but in looking over some of the returns which have been brought down in answer to hon. members' questions, the thought struck me that here another large group of employees will probably be required. The minister might be able to get experienced men from the wartime prices and trade board, which has 5,106 employees, costing $842,000 a month. That was the number on June 1, and there has been only a small reduction since the first of the year.

I suggest to the minister that the criticism I have received about the setting up of these advisory councils is that a doubt arises in the public mind as to the ramifications of these bodies and whether we are creating other groups of civil servants. Can the minister give us some idea of the personnel which will be required? Then I suggest to him the place from which he could get any help that may be needed.

Mr. J. R. MacNICOL (Davenport): Mr. Speaker, I wish to say that I support the bill sponsored by the minister; and may I first compliment the hon. member for Rosedale (Mr. Jackman) on his constructive thoughts. The house should take to heart the warnings of the hon. member for Rosedale. In our laudable anxiety to advance and increase foreign trade, we may forget the home market. I believe we have to export on the horizontal line not less than twenty-five per cent of what we produce. That figure may be a little high, but it is approximately correct. Judging from official figures released by the United States, they have to export ten per cent of what they produce; therefore I suppose I am not far out when I say that we have to export twenty-five per cent of what we produce. Any assistance we can give to increasing foreign trade, without doing injury to the home trade, should be given.

I should like to elaborate in a general way on what the hon. member for Rosedale said about our home trade. All our brilliant younger members, perhaps the ablest of them, devote much of their time to the foreign affairs committee. That is all to the good; but I hope that this house will establish a home affairs committee which will have as its

chief object the increasing of trade in Canada. One way in which we could do that would be to create more home trade on the Alaska highway. I fear that we are not doing all we should in the matter of development along that great highway, looking to the creation of a great deal of trade.

I agree with the hon. member for Rosedale that our great market is our home market. While supporting foreign trade we must not neglect our major opportunities at home. I notice that gold has been discovered in substantial quantities near Watson Lake. Those who have been over the Alaska highway know that it is one of the most outstanding scenic routes in the world. I can see a great deal of trade along that route if we develop it. I believe that thousands and thousands of United States tourists would go to their great country of Alaska. I may be out of order in making these remarks on the bill now before the house, but I wanted to interject them so that we would not devote so much of our time—I shall not say too much of it—to the question of foreign trade. We must have foreign trade and foreign establishments, but I want to see more attention paid by our brilliant younger members to the development of home trade. I want to see every effort made to create a much wider market in Canada. Having said that I repeat that I am in favour of the general principle of the bill.

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

On section 1—Preamble repealed.

Mr. BLACKMORE: Will the minister give us a little exposition of what good he believes this measure is going to do, and why it is worth while passing it?

Mr. MacKINNON: I am not sure whether the hon. member was in the house when I attempted a few minutes ago to give that information at some length. If the hon. member did not happen to be in his seat I am sure he will find a satisfactory explanation in *Hansard*.

Mr. BLACKMORE: I am agreeable to having a summary at this time.

Mr. GREEN: Will the minister give us some idea of just how much money is involved under the Export Audits Insurance Act? It would appear that the policy of the government is to go out and buy export trade. In other words, under this act we are putting up our own money to buy goods produced in Canada to be sold to a foreign country in the hope that that will increase our external trade indefinitely, and I suppose in the hope that we shall get most of the money back, although I am doubtful as to how much will come back. How much is involved in this legislation? The act provides for guarantees by the dominion government up to $200 million, and for loans to other governments up to $750 million. In other words almost $1 billion is involved here. It may be that we are being reckless with our hundreds of millions of dollars where we should watch carefully the expenditure of a million dollars in another direction. We should know how much is already involved; how many loans have been made; how many guarantees have been given; to whom they have been made, and how much will be involved within the next year.

Mr. MacKINNON: The hon. member is now dealing with part II of the act.

Mr. GREEN: On section 1 of the bill, Mr. Chairman, it is customary to have a general discussion of the whole bill.

Mr. MacKINNON: Just as a suggestion, Mr. Chairman, if hon. members are agreeable I should very much prefer to deal with these matters as we come to them. As a matter of fact part I of the bill is under the direction of the Minister of Trade and Commerce, while part II, with which I am going to attempt to deal also to-day, is under both the Minister of Finance and the Minister of Trade and Commerce. If my hon. friend will agree, it would be very much more satisfactory to me to have his questions dealt with under part II. Just on that point, the loans to which the hon. member has referred have all been passed and approved.

Mr. GREEN: By whom?

Mr. MacKINNON: By this house.

Mr. GREEN: Individual loans are not approved by this house.

Mr. MacKINNON: Under authority granted by this house. We can give the information asked for, but I suggest that it be given on part II of the bill when we come to it.

Mr. GREEN: I am trying to get at the background of this whole measure, dealing not only with part I but also with part II. The very section which is now under review deals with part II as well as part I.

Mr. MacKINNON: I am not arguing that.

Mr. GREEN: It is a section which deletes the preamble to the bill, and the preamble deals not only with part I but also with part II. It seems obvious that the amendments alter the purpose of the bill to quite a large

extent, and for that reason the department has found it necessary to repeal the preamble. I think we are entitled to an answer to the question I asked a few moments ago. Tell us just how deeply we are involved under the act at the present time, and how deeply we are going to be involved during the coming year.

Mr. MacKINNON: I do not wish to argue the point, because I think I would come out a poor second in an argument with the hon member for Vancouver South.

Mr. GREEN: It all depends on your case. You must have a poor case.

Mr. MacKINNON: No, I think my case is all right. If the hon. member insists, as he has insisted, that this be dealt with now I am quite agreeable. He suggests that this bill grants increased amounts which can be lent by the dominion government to foreign governments or agencies. That is not correct.

Mr. GREEN: That was done last year.

Mr. MacKINNON: I have before me a summary of the loan agreements under part II of the act as at March 31, 1946. I had intended, when in my opinion the proper time had come, to submit this summary to the committee. I should be very glad to place the statement on *Hansard* after I have referred to it in order to answer my hon. friend's questions. The total purchasing programme amounts to $744,600,000.

Mr. GREEN: Does that mean the amount already lent under the act?

Mr. MacKINNON: The total purchases to be made by the borrowing countries amount to $744,600,000. Of that amount Canada is putting up in credit $577,500,000, the difference being put up in cash by the borrowing countries. That difference totals $170,100,000. Perhaps I should go on and give additional information which might be asked for later. The commitments as at March 31, 1946, total $343,367,000.

Mr. GREEN: What does the minister mean by commitments?

Mr. MacKINNON: The amount of actual purchases made by the borrowing countries. The interim advances amount to $102,048,000, and the amount drawn on the loans up to March 31, 1946, is $67,413,000.

Mr. GREEN: That is the amount that has been actually paid by Canada?

Mr. MacKINNON: Canada has actually made the interim advances and the amounts drawn on the loans, the total of the last two items of $102,048,000 and $67,413,000.

Mr. GREEN: Then we are already committed to expenditures by Canada of approximately $577,000,000?

Mr. MacKINNON: That is correct.

Mr. GREEN: To what countries are those goods going?

Mr. MacKINNON: All the information asked for by the hon. member was presented to this house in a report tabled by the Minister of Finance some days ago. The countries to which these loans have been made are France, Belgium, China, Czechoslovakia, the Netherlands, Netherlands East Indies, Norway and U.S.S.R.

Mr. GREEN: Can the minister give the approximate amount to each country?

Mr. MacKINNON: Yes. The amounts are as follows:

France	$242,500,000
Belgium	100,000,000
China	60,000,000
Czechoslovakia	19,000,000
Netherlands	125,000,000
Netherlands East Indies	15,000,000
Norway	13,000,000
U.S.S.R.	3,000,000

Mr. MacNICOL: Nothing to the near east, Egypt, or Palestine?

Mr. MacKINNON: These loans are all apart from the loans to the United Kingdom and the sterling area.

Mr. MacNICOL: I asked if we had made any arrangements or commitments in the near east, for instance to Algiers or Tunis.

Mr. MacKINNON: I have given the complete list of loans.

Mr. MacNICOL: But I did not hear any names of countries in the near east.

Mr. MacKINNON: There are none.

The ACTING CHAIRMAN (Mr. Golding): Has the minister the consent of the committee to place this table on *Hansard*?

Some hon. MEMBERS: Agreed.

(See table on following page.)

Mr. JACKMAN: Has sufficient time elapsed to indicate whether recoveries in connection with guarantees or repayment of loans will be good?

Mr. MacKINNON: The hon. member has gone back to a discussion of "corporation", which I understand he has a perfect right to do. During the limited time the act has been in force there has been no real opportunity to establish a record. As a matter of fact no losses have been established.

SUMMARY OF LOAN AGREEMENTS UNDER PART II EXPORT CREDITS INSURANCE ACT

Country	Date of Loan	Total Purchasing Program	Amount of Credit	Amount to be paid in Cash	Position as at March 31, 1946		
					Commitments	Interim Advances	Amount Drawn on Loan
France	April 9/46	345,000,000	242,500,000	102,500,000	186,660,000	82,019,000	.....
Belgium	April 12/46	125,000,000	100,000,000	25,000,000	81,950,000	4,632,000	25,000,00
China	Feb. 7/46	72,000,000	60,000,000	12,000,000	7,150,000	.....	.....
Czechoslovakia	June 26/45	19,000,000	19,900,000	.....	3,296,000	.....	3,192,000
Netherlands	Feb. 5/46	150,000,000	125,000,000	25,000,000	46,668,000	15,397,000	25,150,00
Neth. Indies	Oct. 9/45	18,000,000	15,000,000	3,000,000	5,510,000	.....	1,800,000
Norway	June 25/45	15,600,000	13,000,000	2,600,000	9,357,000	.....	9,495,000
U.S.S.R.	Aug. 21/45	Not applicable	3,000,000	Not applicable	2,776,000	.....	2,776,000
		744,600,000	577,500,000	170,100,000	343,367,000	102,048,000	67,413,000

Mr. STEWART (Winnipeg North): Who would guarantee a loan to, for instance, the Netherlands East Indies? Is that $15 million guaranteed by the East Indies or by the Netherlands government?

Mr. MacKINNON: This is a direct loan from the government of Canada to the government of the Netherlands East Indies, against which $1,800,000 has been advanced.

Mr. STEWART (Winnipeg North): What government would that be precisely?

Mr. MacKINNON: I can understand the reason for the hon. member's question. The loan was made to the government of the day, which is described as the government of the Netherlands Indies, through the Netherlands minister in Ottawa.

Mr. STEWART (Winnipeg North): What goods were shipped for that $1,800,000?

Mr. MacKINNON: The principal purchases included trucks, motor cars, carriers, flour, and payments for the ferrying of passenger aircraft.

Mr. MacNICOL: Did we not sell them a large number of cups to catch the rubber sap from rubber trees?

Mr. MacKINNON: I have no record of that as yet. Either the purchase has not yet come through, or it has been financed in some other way.

Mr. STEWART (Winnipeg North): Was any of this material for military purposes?

Mr. MacKINNON: The items speak for themselves. I have no knowledge of any military goods having been shipped to the Netherlands Indies.

Mr. QUELCH: What was the total amount of business done last year under this measure?

Mr. MacKINNON: We are back to part I of the bill. If the hon. member for Vancouver South has not seen the Export Credits Insurance Corporation annual report, which was tabled on May 23, it might be worth while if I were to place some of it on *Hansard*. It states:

Canadian exports during 1945 were at record levels, but for the most part the volume represented goods purchased by foreign governments and the United Nations Relief and Rehabilitation Administration, or by shipments financed under mutual aid and by direct Canadian government loans. As a consequence of this situation, which will continue in decreasing measure through 1946 and into 1947, there has not as yet been an opportunity to assess the ultimate demand for the corporation's services. It does mean, however, that the corporation has a most useful period in which to canvass, study, and prepare to meet the situation that will be encountered with the return of more normal trading conditions.

Notwithstanding these conditions, and despite the fact that no extensive effort has been made to publicize its services, the corporation has in the last six months of the fiscal year issued forty-five policies, covering an estimated annual sales volume of over $12 million. Policies have been issued to exporters in the maritimes, central Canada and the west, and cover shipments, to some 60 different countries, of agricultural products, raw materials and manufactured goods. The classification of these policies by estimated export volume is as follows:

Estimated Annual Export Volume	Number of Policies	Amount
$25,000 and under	7	$ 62,000
$25,000 to $100,000	15	875,000
$100,000 to $250,000	13	2,075,500
$250,000 to $1,000,000	7	3,610,300
$1,000,000 and over	3	6,238,000
	45	$12,860,800

All the policies issued to March 31, 1946, cover general commodities sold on short credit terms. Quotations have been made on a number of contracts covering capital goods sold on medium-term credit, some of which are pending at the present time.

Mr. QUELCH: I understand the important part this corporation has to play, especially in the world of to-day where conditions are unsettled. If we want to expand exports we have to make certain that those who export goods are paid for them. After all, inter-

national trade is a two-way street, with the result that we are keenly interested in the imports which will come into Canada. I understood some form of imports board was established last year. What was the amount of business done by that board, and what are its duties?

Mr. MacKINNON: It was not a board, but rather an imports branch of the department. Its duties are to stimulate imports into Canada. No complete record can be kept of what is actually done.

Mr. QUELCH: Is it done through advertising?

Mr. MacKINNON: Perhaps this matter might more properly be discussed when my estimates are before the committee. I might state briefly, however, that the imports branch, working in cooperation with trade commissioners in those countries of the world in which Canada is represented, does its utmost to see that our trade commissioners arrange to let Canadian importers know about goods which, while not available in Canada, are available in surplus quantities in other countries. In this way imports are encouraged.

Mr. MacNICOL: I have some questions to ask, and if it is not convenient to give the answers under this bill I shall be content to receive them later. The minister has stated that we have given credit of about $240 million to France and about $100 million to Belgium. There was also a credit of some $15 million to the Netherlands East Indies, but in this later case the products shipped were manufactured products. I should like to know what was shipped to France and Belgium. Did we ship only raw materials such as wheat and other products? What may we expect to get back from them? I am thinking of the workers in the plants in my riding where there are perhaps more factories than in any other riding in Canada, and I must be on guard to see that their jobs are not jeopardized by imports from these other countries.

Mr. MacKINNON: The question asked by the hon. member for Davenport should really be asked on the estimates of the department. I would point out that what we actually obtain from France bears no relation to what we sell France as against these credits.

Mr. MacNICOL: The answer will do when the estimates are before us.

Mr. STEWART (Winnipeg North): The minister said that we had extended a line of credit of some $125 million to the Netherlands. Will any part of that credit be used for the purchase of military equipment and material?

Mr. MacKINNON: Up until March 31 the principal Netherlands purchases were trucks, agricultural implements, lead, wheat, leather, horses, seed, paper, meats, hides and various foodstuffs.

Mr. GREEN: I understand that under part I of the act which deals with insurance of export trade there have been forty-five policies issued; also, that there has not been the demand that the government expected there would be for this insurance. Under part II of the act Canada has been committed to extend credits of approximately $577 million, but it has not been suggested how much of that is by way of guarantee and how much by way of loans.

Mr. MacKINNON: There are no guarantees.

Mr. GREEN: None of that is by way of guarantee?

Mr. MacKINNON: No; it is all loans.

Mr. GREEN: We would still have available approximately $175 million in order to make up the total of $750 million by way of loans?

Mr. MacKINNON: As of March 31.

Mr. GREEN: Are further loans being negotiated and, if so, what are they? Will it now be possible for these other countries to purchase goods direct from producers in Canada without the Canadian government lending the money?

Mr. MacKINNON: A number of other countries have been asking for loans.

Mr. GREEN: What countries?

Mr. MacKINNON: I do not think it would be fair to answer that question just now. I have no special reason for making that answer except that I do not think we should place on the record what countries have approached us informally for loans. While this matter relates to the Department of Finance, I know other countries have approached us for loans and that matter will be dealt with by the Department of Finance. At the present time these are the only loans in existence.

The hon. member for Vancouver South asked about the demand for this legislation. This legislation follows similar legislation which has proved to be extremely helpful to the trade of Great Britain and of the United States. Our legislation is patterned on that of the United Kingdom, and I may say that at

the present time the United States are amending their legislation along the lines of our legislation. The demand for the loans has been general. We have not received any criticism—and we would be quick to get it if the public were in a critical mood—about this legislation. Everything that has been said has been in commendation of the department for its efforts to follow leads to increase export trade.

Just at this point I think it would be proper if I made a brief statement which has a bearing on some of the remarks which have been made by hon. members to the effect that we are interfering with private business. We are not doing that and there is no intention to do it. I want to emphasize that as strongly as I can. It is contrary to the entire purpose of the Export Credits Insurance Corporation to have the corporation do work that can or should be done by private agencies. The corporation does not invade the field of private enterprise in any way. Its one objective is to provide Canadian exporters with services and facilities that cannot be furnished by private insurance companies.

There are only two insurance companies in Canada, the American Credit Indemnity and the Employers Reinsurance which, in addition to accepting insurance for domestic sales that form the bulk of their business, also insure exports. But these exports must be sent to the United States or Newfoundland if any insurance is to be granted. The Export Credits Insurance Corporation, therefore, while insuring exports to all parts of the world, is willing to exclude the United States and Newfoundland from its contracts on the ground that alternative services from private agencies may be obtained. That is to say, whenever a Canadian exporter wishes to obtain insurance on goods shipped to the United States and Newfoundland, he is advised by the corporation that such insurance can be obtained, if desired, from a private agency. If the Canadian businessman, however, after receiving this information still wishes to use the facilities of the corporation, these are, of course, made available to him by the Export Credits Insurance Corporation. I do not think there could be any more convincing proof of the determination of the Export Credits Insurance Corporation not to invade the field of services rendered by private companies.

Mr. PEARKES: In listing the items which have been sent to the Netherlands, the minister mentioned trucks and other vehicles. In view of the shortage of motor vehicles and the urgent demand for trucks by veterans who are trying to reestablish themselves in this country, would the minister give the total number of trucks and motor vehicles which have been sent out to all the countries he mentioned.

Mr. MacKINNON: I have not that information before me, but I shall be glad to get it and give it later.

Mr. PEARKES: That would be satisfactory. I think we should be given some idea of the extent to which trucks and motor vehicles are being sent out of this country.

Mr. DIEFENBAKER: I have two questions to ask in regard to trade. Recently I was in Bermuda attending the parliamentary conference, and amongst the matters discussed was trade as between Canada and the colonies. The attitude of all the colonies was that they were desirous of trading with Canada, and Bermuda was most anxious to increase her trade with us. The great difficulty was the shipping situation. One of the great fears of the representatives of the colonies at that conference was that the colonies were to be sacrificed because of the necessity of doing away in part or in whole with the British preference. I think a statement from the minister in regard to the attitude of his department and of the government would be most helpful. The representatives of the colonies are serious about this matter and fearful of what may happen.

The ACTING CHAIRMAN (Mr. Golding): I would ask the hon. member to keep to the section.

Mr. DIEFENBAKER: I am dealing with trade, Mr. Chairman. General questions have been asked, and I am sure the minister has no objection to my asking a question about a matter that is causing grave concern.

The ACTING CHAIRMAN (Mr. Golding): We are considering an act to amend the Export Credits Insurance Acts.

Mr. DIEFENBAKER: You were allowing unusual latitude, Mr. Chairman, up to a few moments ago, until I asked this question. Of course, if it is disconcerting, I shall not press it.

Mr. MacKINNON: Not at all.

Mr. DIEFENBAKER: Then, possibly with the consent of the committee, Mr. Chairman, you will allow my question, as well as another one I have to ask at this time. My second question has to do with a news item in the July 8 issue of *Time*. This is a matter of concern to the farmers of this country, and it has been referred to also by our own press.

Time's article is to the effect that the wheat agreement between Canada and Great Britain cannot be or is not being entered into at this time because of the antagonism of the United States. The article in *Time* says:

Canada's family ties with Britain and her neighbourly ties with the U.S.A. were strained last week. The irritant was wheat, which Canada and the U.S.A. have to sell and Britain wants to buy.

It goes on to speak of the visit here of Britain's Food Minister John Strachey and says that he was ready to sign an agreement but:

At this point the U.S.A. stuck its neighbourly nose into the deal . . .

And prevented an agreement being arrived at.

Furthermore, the state department warned that the British loan, still awaiting U.S.A. approval would be endangered.

That article, I think, requires an answer from the minister. The Minister of Agriculture, during the course of his recent trip through western Canada, has spoken of the wheat agreement as though it were an accomplished fact. Is that agreement being held up because of any interference or criticism from the United States as set forth in *Time's* article.

Mr. MacKINNON: The hon. member's question is clearly out of order but, since it is now on *Hansard,* I should like to reply briefly. I am interested in his comments. After his visit to Bermuda, I am glad that we shall have his cooperation and assistance in developing trade with these friendly sister countries, shall I call them, in the Atlantic. The department in every way is pressing for increased mutual trade with these countries.

I have already made two statements on the wheat negotiations, one of them to-day. If there is any truth in the article from which the hon. member has just quoted I can only say that I know nothing of it. The reason why the wheat negotiations are not proceeding at the present time is that it suited the experts of each government and the members of the governments themselves to postpone the discussions for the time being.

Section agreed to.

On section 2—Definitions.

Mr. GREEN: Would the minister explain the new subsection 2 of section 2? It says:

For the purposes of this act a sale of goods to a buyer who intends to export them shall be deemed to be an export and the seller shall be deemed to be an exporter.

Does that apply to a sale to another firm in Canada or only to a foreign firm which takes over responsibility for the goods in Canada? It is not clear to me.

Mr. MacKINNON: It applies only to a foreign firm.

Mr. GREEN: The section does not make any restriction of that kind. It says "a sale of goods to a buyer", which is broad enough to cover any buyer, Canadian or foreign.

Mr. MacKINNON: I can see where the hon. member may have some reason for doubting the exact meaning, but the intention is that the clause applies only to a foreign buyer.

Mr. JACKMAN: The definition of "person" does not include a corporation, although it includes any association. Further on in the act, in section 11 it is provided in paragraph (b), line 9, on page 5 of the bill, that the governor in council may:

(b) make a loan to the government or any agency of the government of any such other country to enable such government or such agency or any person ordinarily resident in such other country to pay the cost of Canadian-produced goods purchased from an exporter or the cost of Canadian services.

Should "corporation" not be included, or does the word "association" embrace a corporation for the purposes of this bill?

Mr. MacKINNON: I am advised that under the Interpretation Act the word "person" includes a corporation.

Mr. JACKMAN: This bill has its own interpretation clause, and definitely says that "person" includes any association or partnership. Whether the definition of "person" in the Interpretation Act overrides that definition, I do not know. It would seem to me it was specific rather than exclusive. If the minister says otherwise, I am quite content.

Section agreed to.

On section 4—Board of Directors.

Mr. STEWART (Winnipeg North): Who are the directors of the corporation?

Mr. MacKINNON: M. W. Mackenzie, Deputy Minister of Trade and Commerce, chairman; W. C. Clark, Deputy Minister of Finance; J. A. Chapdelaine, Department of External Affairs; G. F. Towers, Governor of the Bank of Canada; H. T. Aitken, Chief Executive Officer.

Mr. STEWART (Winnipeg North): What fees are paid?

Mr. MacKINNON: No fees whatever.

Section agreed to.

Sections 5 and 6 agreed to.

On section 7—Contract of insurance.

Mr. MacNICOL: Is any part or purpose of the corporation the establishing of depots in foreign countries to which exporters in this country can ship large numbers of trucks or boilers or radiators or tubs or manufacturing equipment, and to which dealers in the other countries can go and purchase and take away such equipment?

Mr. MacKINNON: No.

Section agreed to.

On section 8—Liability under contracts outstanding.

Mr. BLACKMORE: What page are we on?

The ACTING CHAIRMAN (Mr. Golding): Page 4.

Mr. BLACKMORE: Would it not be possible to have the bill drafted in such a form as to enable members to know exactly what it will look like when it is finished? As it stands, certain portions are repealed and other portions substituted therefor, and it would take a Philadelphia lawyer to tell what it really looks like in its completed form. I object strenuously to passing the bill in this way.

Mr. ST. LAURENT: The bill is drawn in the usual form of amending bills. There are rules of the house which govern the manner in which amending statutes are to be submitted. The rule is that if a change is to made in a section or subsection the section is to be repealed and reenacted with the change, and it is usual to set out in the explanatory note showing the form in which it was before. I understand the hon. gentleman's suggestion to be that the whole act should be repealed and reenacted so that he would have the entire statute before him. But that is not required by the rules of the house, and I think it would occasion considerable delay in dealing with amendments if, in order to have an amendment, you had to repeal and reenact the whole statute. It would substantially increase the time devoted to its consideration.

Mr. BLACKMORE: I grant all that, but my feeling is that this act is an important one, and nothing has been said in my hearing up to the present time, nor anything that I have so far apprehended, that suffices to show why the preamble should be repealed. The preamble is to be repealed, we are told, because it is not consistent with certain amendments made in the act. Well, the preamble looks like a very good one and, if it is to be repealed, I find it difficult to understand what the act is all about. I raise the question because I think we are going too fast, and I seriously doubt whether many members can get anything like a comprehensive and consistent grasp of that which we are undertaking to do.

Mr. MacKINNON: I am quite sure the hon. gentleman could not have been in the house when I made my statement. May I point out to him that the preamble has been carried. However, perhaps I shall be allowed to make this brief comment in answer to what he has said. The preamble to the act is being deleted since in itself it has no force and effect and is referred to only in the event of clarification being required in connection with any particular clause of the act. Rather than have the preamble amended to make sure that it clearly reflects all the proposed changes, we are deleting it entirely.

Mr. BLACKMORE: That is precisely the kind of thing that would fill me with apprehension. May I read what the preamble says? It is true we have already passed it, but I am raising this question because, as I have pointed out, I think we are now going too fast, or at any rate fast enough to tax the ordinary member's ability to follow the proceedings, when the bill is made up of a hodge-podge of repeals and substitutions. The preamble looks consistent to me and, if something is being changed in the act which renders the preamble not in accordance with the act itself, then I find myself really concerned as to what the act will look like when it is finished. May I read the preamble to show what I am driving at?

Whereas it is desirable—

The ACTING CHAIRMAN (Mr. Golding): Order. We are on section 8.

Mr. BLACKMORE: Very well, Mr. Chairman; I am in your hands. However, on behalf of the ordinary member of parliament, I protest. It is entirely impossible to tell where we are going; we are going so fast. If that is your decision I must fall in line with other members, but once more I say we are going too fast to know what we are doing.

Mr. KNOWLES: I suggest that one of the reasons we are having difficulty with this is not the form of the admendment on the lefthand page of the document but the form of the explanatory note on the righthand page. We have had previously during this session bills that have been complicated, but the

explanatory notes have been sufficient to give us an idea of what we were doing. In this instance, however, the explanatory notes just seem to confuse the picture.

Mr. ABBOTT: Or perhaps it is the fact that some members have not read the bill ahead of time.

Mr. BLACKMORE: I cannot hear what the minister is saying. I do not know what he is saying. It is to be understood that when a man speaks just a little above a whisper, so that *Hansard* gets it and ordinary members do not, it is not fair. I should like to hear what the Minister of National Defence said.

Mr. GRAYDON: You are not missing as much as you think you are.

An hon. MEMBER: You would be surprised.

Mr. BLACKMORE: We are doing a whole lot more than we think we are doing.

Mr. MACKENZIE: This is good for beet sugar.

Mr. BLACKMORE: That is another bit of smart aleckism. One of the reasons why the member for Lake Centre, a few minutes ago, had to raise a question which was so embarrassing was the fact that this house last fall went too fast and committed itself to a great many things it did not dream it was undertaking, and now the chickens are coming home to roost. I suspect that in this measure there are many things which we do not realize we are committing ourselves to, and the speed at which we are going, as well as the general confusion resulting from the hodge-podge we have before us, makes it much more conducive to misapprehension.

Section agreed to.

On section 9—Fiscal year.

Mr. MacNICOL: I wish to say a word on this section and to compliment the person who drafted the bill upon making this provision:

The fiscal year of the corporation shall be the year ending on the thirty-first day of December.

I hope the day is not far distant when the thirty-first of December will be the end of the year in all government business.

Section agreed to.

On section 10—Statement of accounts.

Mr. JACKMAN: May I suggest to the minister that when the annual report comes down next year he be sure to have it distributed to all hon. members as is done with the Bank of Canada report, and not just table it in the sessional papers' office. Will the minister make it available to all hon. members in their boxes?

Mr. MacKINNON: I should be delighted to see that that is done. My information and my understanding are that copies of the annual report were not only tabled but went to every hon. member. I am sorry if that is not so.

Section agreed to.

On section 11—Definitions.

Mr. MacKINNON: I have four minor amendments to section 11 which I shall ask my colleague, the Minister of Justice, to move.

Mr. ST. LAURENT: I beg leave to move:

That section 11 of the bill be amended by striking out paragraph (a) and substituting therefor the following:

(a) "Canadian-produced goods" means goods wholly or partly produced or manufactured in Canada or goods belonging to His Majesty in right of Canada, or to His Majesty in right of any province.

Mr. STEWART (Winnipeg North): Can the minister give us a definition of "Canadian-produced goods?" What amount of work has to go into them to make them Canadian-produced goods?

Mr. MacKINNON: I did not hear the question.

Mr. STEWART (Winnipeg North): Suppose we buy an unfinished article from another country, how much work have we to put into it in this country to put it in the category of Canadian-produced goods?

Mr. MacKINNON: That is not definitely spelled out in any way. Canadian-produced goods are goods which are wholly or partly produced or manufactured in Canada.

Mr. MacNICOL: In Great Britain prior to the war I believe that British-made goods had to have a British content of over fifty per cent.

Mr. GREEN: I take it that this amendment means that goods belonging to a province can now be sold to a foreign country and the dominion government put up the money by way of loan to that country. Why is it necessary to do that? What is the purpose of the amendment?

Mr. MacKINNON: This amendment would permit foreign governments to purchase from cooperative organizations in a province or a provincial crown corporation.

Mr. GREEN: Why does the dominion government have to finance a foreign government to purchase goods from a provincial govern-

ment in Canada? That is what we are doing. Why cannot a provincial government make its own deal without bringing in—

Mr. PROBE: Why cannot an exporter do the same thing?

Mr. GREEN: Why does the dominion government have to finance a provincial government?

Mr. MACKENZIE: It is all trade for the nation.

Mr. MacKINNON: Provincial governments are not in the foreign loan business. They are not equipped or they have not the facilities to make these loans.

Mr. GREEN: The same thing applies to sales by the dominion. This act is now extended for the first time to cover goods belonging to the dominion. Apparently that is done primarily to cover goods sold by War Assets Corporation. Where does the Canadian buyer come into the picture? Why is War Assets Corporation selling goods to a foreign government and the Canadian government putting up the money? That is what is happening. If we do not get repayment of these loans it will be the Canadian people who will be paying for the goods which go to the foreign countries. Why is it necessary to have War Assets Corporation selling to a foreign country?

Mr. KNOWLES: If trade is good for the country does it matter who carries it on?

Mr. MacKINNON: These loans are largely for the rehabilitation of the countries to which the loans are made. A province may have goods which are necessary to their rehabilitation, and may be the only available source of supply. We think it good business to arrange so that these goods can be purchased.

Mr. GREEN: The minister did not answer my question about War Assets Corporation. What type of goods is being sold to a foreign government by War Assets Corporation?

Mr. MacKINNON: A variety of products, machinery and supplies, is being sold. It might be hospital equipment. I have not the various items before me, but many items might be sold by War Assets Corporation.

Mr. GREEN: Is there any priority established in connection with the sale of these goods? Does the Canadian get a priority over the foreign government?

Mr. MacKINNON: I do not think that is a proper question to ask when we are discussing this bill; it is a matter for War Assets.

[Mr. Green.]

Mr. KNOWLES: The minister said that the primary purpose of this bill was to rehabilitate devastated countries. If that is so, is it not also true, according to the preamble which we have discarded over the protest of the hon. member for Lethbridge, that part of the purpose is to promote the revival of trade.

Mr. MacKINNON: Certainly.

Mr. KNOWLES: I just wanted to get back to that and to repeat the question I asked a moment ago. That is the purpose, and if it is recognized that trade is good for all concerned what does it matter whether the exporter on this side is one of those so-and-so private enterprises or the dominion government, a provincial government or a cooperative.

Mr. MacNICOL: Just one word; I am not going to use the words "so-and-so" because they might mean any adjective which would not look good on *Hansard,* but I am going to say one word for a provincial government. I thought some hon. member to my left would have said it. In my opinion the Saskatchewan government is doing a good job in processing a large number of horses, I believe about 500,000. I was in the factory—

Mr. GREEN: Did the hon. member eat any of it?

Mr. MacNICOL: I do not know whether I did or not. In fact the cabinet told me they did and they did not know they were eating it. It was good meat anyway. The doctor in charge said it was excellent meat. I asked where they were shipping it and they told me, Belgium. I can quite understand that Belgium may not be able to buy No. 1 cattle meat, and if they are quite satisfied with horsemeat I see no objection to this government facilitating the sale of 500,000 horses processed in Saskatchewan into meat for Belgium.

Mr. MacKINNON: That is one of the items, I may say.

Mr. KNOWLES: Since horsemeat has been referred to, may I point out—and I do so for the purpose of asking a question—that it is being processed by a cooperative in Saskatchewan, not by a crown company. My question is this. Is exporting on the part of a cooperative covered by this measure as well?

Mr. MacKINNON: Yes, it is.

Mr. QUELCH: Can the minister say whether or not any other loans being made by this corporation will be handled by the international bank of reconstruction after it is set

up? If not, will he explain where the line of demarcation is as between the international bank of reconstructon and this corporation?

Mr. MacKINNON: This corporation is not lending money at all; it is insuring sales. The loans in part II of the act are from government to government.

Mr. KNOWLES: Probably the last comment by the minister answers the question I was going to ask, but may I go ahead just to get it perfectly clear. I notice away down in section 11, on page 5, paragraph (b) refers to "any person ordinarily resident in such other country." Those words are being added to the act, so that loans now may be made, not only to a government or the agency of a government, but to any person ordinarily resident in such other country. Is it clear that loans are made to persons in other countries only with the backing of the governments of such other countries?

Mr. MacKINNON: I would suggest that we wait until we reach that section.

Amendment (Mr. St. Laurent) agreed to.

Mr. ST. LAURENT: I move:

That section 11 of the bill be amended by striking out paragraph (b) and substituting therefor the following:

"(b) 'Canadian services' means services performed by persons ordinarily resident in Canada, or by His Majesty in right of Canada or in right of any province."

Hon. members will notice that the amendment merely adds "or by His Majesty in right of Canada or in right of any province." That is because services are required to handle the goods.

Mr. GREEN: This is the first section of part II of the act, and part II deals with loans to foreign countries. When the bill was originally introduced we understood that those loans would be made only during the period of transition from war to peace, and those words actually appeared in the preamble which is being struck out by the present bill. Has there been any change in the intention? Are these loans still to be made only during the transitional period, or is it now to be a permanent plan running into the years that Canada is to make loans to foreign governments under this measure?

Mr. MacKINNON: This provision merely extends the time to the end of 1947.

Mr. GREEN: I am asking whether there has been any change in governmental policy.

Mr. MacKINNON: There has been no change in the intention.

Mr. GREEN: Then we have been told that a crown company known as Canadian Commercial Corporation is to be set up to assist in the promotion of both import and export trade. A resolution to that effect is on the order paper at the present time. Where does that new corporation fit into the working of the bill we are now considering?

Mr. MacKINNON: It has nothing whatsoever to do with this bill.

Mr. GREEN: It will have nothing whatever to do with the Export Credits Insurance Act?

Mr. MacKINNON: No.

Amendment (Mr. St. Laurent) agreed to.

Mr. ST. LAURENT: I move:

That section 11 of the bill be amended by striking out paragraph (e) and substituting therefor the following:

"(e) 'exporter' means a person, including His Majesty in right of Canada or in right of any province, who exports or agrees to export goods from Canada."

Mr. JACKMAN: May I just ask the minister a question, not so much in regard to this particular amendment, but as to the working of the whole act, since many of us are relatively unfamiliar with it. As I understand it, we do not expect that the government or the export corporation will lose any money. It is on a self-supporting basis; I believe that was in the original statement by the minister. This is a measure, including the amendment we are now discussing, designed to help exporters in Canada who cannot afford to assume the risk in connection with sales to foreigners during this reconversion period. If that statement is correct, why does the government need to help any financially strong corporation, and more particularly why does it need to help the government itself or War Assets Corporation, which is an emanation from the crown? In this particular case, why does the dominion government need to help a province, which we must assume is financially strong, in connection with exports to some of these countries which may turn out to be buyers? Unless the dominion government sees that it is going to face a loss on these exports and believes that loss is worth while in order to stimulate employment during the next year or two, I do not understand why the dominion government, much less a provincial government or even a strong corporation, should receive benefits under this act.

Mr. MacKINNON: I think the hon. member is somewhat confusing the two parts of the act. I would point out that part I, which

has been passed, is concerned with providing insurance for exporters, that is, firms exporting from Canada to other countries.

Mr. JACKMAN: Part II has to do with the corporation, under the act, buying—

Mr. MacKINNON: Part II of the act has nothing whatever to do with the corporation. It provides for the making of loans to foreign countries.

Amendment (Mr. St. Laurent) agreed to.

Mr. ST. LAURENT: I move:

That section 11 of the bill be further amended by striking out paragraph (g) and substituting therefor the following:

"(g) 'security' includes bills, promissory notes, bonds, debentures, and any other evidences of indebtedness, shares and any agreement to pay amounts drawn or to be drawn under a letter of credit."

Mr. GREEN: Will the minister explain what types of securities have been taken up to the present time to cover the various loans that have been made?

Mr. MacKINNON: This has to do with the guarantee provision in part II, and no guarantees have been issued to date.

Mr. GREEN: Have any securities been taken in connection with any of the loans made to foreign governments?

Mr. MacKINNON: None.

Mr. GREEN: Canada has merely a written agreement?

Mr. MacKINNON: We have their promise to pay.

Mr. GREEN: No securities at all?

Mr. MacKINNON: No.

Amendment (Mr. St. Laurent) agreed to.

Mr. KNOWLES: Before the section carries, will the minister give the assurance I asked for a little while ago that loans to persons in other countries are in all cases either at the request of, or guaranteed by the governments of those other countries. I note the expression "or any person ordinarily resident in such other country".

Mr. MacKINNON: Previously the government had to do the purchasing as well. The loan is made to the government, but a person may do the purchasing for the government. This encourages the return to private trading.

Mr. GREEN: Is it not that the purchasing is done by the private buyer in the foreign country? He does not make the purchase for the foreign government, but the foreign government stands behind his purchase. Is that not what happens?

[Mr. MacKinnon.]

Mr. ST. LAURENT: The foreign government allows the private purchaser to use the money borrowed on the credit of the foreign government to pay the amount of the purchase.

Mr. PROBE: In other words, it covers all transactions envisaged in this bill as between this and foreign governments?

Mr. MacKINNON: Yes.

Section as amended agreed to.

Sections 12 and 13 agreed to.

On section 14—Coming into force of section 11.

Mr. GREEN: What is the position respecting the loan to the U.S.S.R.? When the minister gave the figures a few minutes ago I think he said that loan amounted to only $3 million.

Mr. MacKINNON: I would refer the hon. member to the report respecting these loans under date of May 28, 1946, which was tabled by the Minister of Finance, and in which a detailed explanation of the loan to the U.S.S.R. is given.

Mr. GREEN: Would the minister give us a summary in so far as the U.S.S.R. is concerned?

Mr. MacKINNON: Agreement was reached with the government of that country for a small credit to enable it to pay for certain hydro-electric equipment being purchased from Canadian manufacturers.

Mr. GREEN: Has there been any difficulty in promoting trade with Russia?

Mr. MACKENZIE: That's a hot one.

Mr. GREEN: I ask that question because I have here a press dispatch dated May 2, taken from the Vancouver *Sun*. The heading is, "Exports to Soviet wait cash or loan; Rail supplies rusting in B.C. while Russia passes up credit". Then in the first paragraph it states:

If the U.S.S.R. wants the flat cars, cranes, rails and other railway equipment now stored on the Pacific coast she can have them by negotiating a loan to pay for them or by making other financial arrangements.

This was the reply of government spokesmen when asked what was delaying shipment of large stock-piles of the khaki-coloured equipment in railway yards at Vancouver and in the Port Mann district.

Could the minister give any further explanation?

Mr. MacKINNON: There is nothing I wish to say in regard to the newspaper report. The only loan made to the U.S.S.R. is one for $3 million. At the present time negotiations for further loans are not in progress.

Mr. MacINNIS: Has the whole of the loan of $3 million been used up?

Mr. MacKINNON: Of the total amount, $2,776,000 has been used.

Mr. QUELCH: Have applications from any nations for loans from Canada been turned down? If so, from what countries?

Mr. MacKINNON: I do not know of any that have been actually turned down.

Mr. STEWART (Winnipeg North): Why has the coming into force of the act been made retroactive?

Mr. MacKINNON: Only this section was made retroactive, and this has been done as a result of operating experience.

Mr. STEWART (Winnipeg North): Do I understand that something was done which was ultra vires of the original act?

Mr. MacKINNON: The opinion was expressed that the crown might not be an exporter, and we wanted to make that clear.

Mr. GREEN: Has the crown already been an exporter?

Mr. MacKINNON: Yes.

Mr. BLACKMORE: What matters are considered by the government before granting a loan to a given applicant? Do we consider the possibility of Canada's being in a position to import the goods that country can produce, or are there other considerations? Might this be called an element in a mutual aid arrangement?

Mr. MacKINNON: There are many reasons for the legislation, one of which is that we consider it a contribution toward the rehabilitation of those countries the economies of which have been temporarily disrupted and which have been overrun by the enemy. It is an act on the part of Canada to assist in the rehabilitation of countries which in the past have been good credit risks and which we hope in the future will again be in that position.

These loans are being made also with a view to increasing mutual trade in the future. We have looked at the records of the countries concerned, the experiences through which they have passed and their prospects for the future.

Section agreed to.

Bill reported, read the third time and passed.

MEAT AND CANNED FOODS ACT

LABELLING OF CANS—CANNED FISH OR SHELLFISH

Hon. H. F. G. BRIDGES (Minister of Fisheries) moved the second reading of bill No. 164, to amend the Meat and Canned Foods Act.

Mr. BRACKEN: Has the minister given an explanation of this bill?

Mr. BRIDGES: I can only repeat what I said when the bill was introduced on June 3. It is a small bill being comprised of just two sections. The first section is to amend the Meat and Canned Foods Act so that it will no longer be compulsory for dealers to have cans of fish or shellfish labeled with the name of the place and/or province where the same are packed. The present requirement causes unnecessary hardship to assemblers who pack or buy a number of products in more than one province, in which case labels have to be made for each type of product and for each province where it was packed. The amendment will make this no longer necessary.

I might also say that the present requirement is now unnecessary, because under the regulations all cans are required to be embossed with the registered mark or number of the cannery in which they are packed.

The second section of the bill substitutes "fish or shellfish" for the word "lobster". This change will provide statutory authority for the establishment of standards of quality and grades for canned fish or shellfish in addition to lobster if the need for such is established to the satisfaction of the governor in council.

Motion agreed to, bill read the second time and referred to the standing committee on marine and fisheries.

JUDGES

CONSOLIDATION AND AMENDMENT OF ACT—ADDITIONAL PUISNE JUDGE FOR EXCHEQUER COURT

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

That it is expedient to present a measure to amend the Exchequer Court Act to increase the number of puisne judges of the court from two to three, and also to present a measure to consolidate and amend the Judges Act to include provision for the appointment, tenure of office and duties of the judges of the dominion and provincial courts, fixing judges' salaries and providing for the payment of salaries, and for the payment of increased salaries, travelling allowances and annuities to judges and annuities to their wives and widows in certain cases and subject to conditions therein set out.

He said: Mr. Speaker, this resolution contemplates the introduction of two bills. The first one will increase the number of judges of the Exchequer Court from three to four, while the second will increase the salary of all superior courts or district court or county court judges by one-third as from January 1, 1947. As to the first part of the resolution, the Exchequer Court Act was amended in

1944 to provide the court with three judges instead of two, but that increase has proved to be insufficient to cope expeditiously with the business coming before the court. It is felt that it is desirable to make all possible efforts to have litigation disposed of in an expeditious manner.

Moreover, it is felt that with one more judge on the court it will be possible to restrict the calls being made on judges of provincial courts to preside over or take part in royal commissions, special boards or other agencies it may become necessary to set up from time to time to deal with matters which cannot come before the courts in the usual way but which require to be considered in the judicial and strictly impartial way that characterizes the work of our courts of justice.

Hon. members have from time to time expressed concern over the fact that, especially during the war, it was considered necessary to take judges away from their ordinary duties and ask them to assume other important functions for the state which it was necessary to have discharged by gentlemen of their calibre and repute. I have always shared that concern. But other functions needed to be discharged, and it seemed to be in the interest of the state that they be discharged by the persons best fitted to convince the public that they were being discharged in an impartial, competent and objective way.

Similar situations will probably continue to arise, but I hope that with an additional judge on the exchequer court bench it will be possible to draw more frequently from that bench and less frequently take from their ordinary judicial duties the judges of the provincial courts.

The second part of the resolution deals with judges' salaries. The salaries now being paid are those which were fixed in 1920. I think it is fair to say that those salaries are only about two-thirds as high as those being paid for like public service in any of the countries where the administration of justice is modelled on the British system. What is proposed here will make some improvement. If we take 100 as the index of the salaries prevailing generally in those countries where the courts are modelled on the British system, our judicial salaries at the present time would rate about 66.

Mr. BRACKEN: What countries does the minister refer to?

Mr. ST. LAURENT: The United Kingdom, countries of the British commonwealth and the United States of America all of which have courts modelled more or less on the British system. The provision now being proposed would bring our rate up to about 88. It is suggested that it is time that this should be done. Those hon. members who were here in 1929 will probably remember that this matter received serious consideration at that time, but a depression overtook the country and it was felt that it was not the proper time to consider judicial salaries. Many people consider that this increase is long overdue. For at least twenty years the Canadian bar association has been urging that this matter be dealt with by parliament. The last committee appointed by the Canadian bar association to deal with the matter looks as if it might be a standing committee of this house. Of the six members comprising the committee, one is the hon. member for Vancouver South and another, the hon. member for Lake Centre.

Mr. GREEN: I was not on that committee; I was never called in to any of the committee meetings.

Mr. ST. LAURENT: I have a list of the members of the committee and I read: "Howard C. Green, M.P., Rogers Building, Vancouver."

Mr. GREEN: I was never called to a meeting.

Mr. ST. LAURENT: I hope other members of the committee have been more active than the hon. member for Vancouver South.

Mr. GREEN: I never even got notice of any meeting.

Mr. ST. LAURENT: Perhaps they had such confidence in the Minister of Justice that they did not feel that any further meetings were required since the annual meeting of last summer. Two other members of the committee are the hon. member for Stanstead (Mr. Hackett) and the hon. member for St. Antoine-Westmount (Mr. Abbott).

But quite seriously there is no doubt that we are all highly appreciative of the services rendered to the state by the judicial body. The salaries that are being paid at this time are those that were fixed in 1920. Personally I feel that they are out of line, not only with what are the salaries elsewhere, but also with what prevails for salaries and income in our own country. The suggestion is, now that there is being some relaxation in the controls over wages and salaries, that a provision which will come into effect on January 1, 1947, will not be out of line with what will

be happening generally in the readjustment of the post-war period. The increase would be an increase of one-third. The increase would reflect itself automatically in the number of dollars for the retirement pensions but will not be wholly reflected in those provisions. There were provisions in the Judges Act of 1920 whereby judges who were compelled to retire at the age of seventy-five, whether of the federal courts or of the district or county courts, would retire on an allowance equal to full salary. It is not proposed to increase the number of dollars for such cases, and it is not proposed to take from the number of dollars provided by the statute as it at present exists. Thus a county or district court judge is entitled to retire on full salary of $5,000, which is the full salary at the present time, though under this resolution the salary would be increased as from January 1, 1947, his retiring allowance would not go beyond $5,000.

Mr. DIEFENBAKER: Is there a provision for the retirement of judges at seventy?

Mr. ST. LAURENT: No; that provision is not changed. The only judges we can retire are judges of the federal courts or judges of the district and county courts. The retiring age is still seventy-five, and I am not proposing to change that at this time.

Mr. DIEFENBAKER: Is there a provision for the pension being the same after seventy-five years of age, regardless of the number of years served thereafter by a judge rather than retiring voluntarily at seventy-five?

Mr. ST. LAURENT: That provision has existed heretofore. A judge did not increase his pension rights by serving beyond seventy-five years of age.

If I might be permitted to suggest it, I think the house would be in a better position to consider and discuss the proposals if it allowed the resolution to pass and the bills to be introduced and read a first time. Then they would be immediately available for distribution. Hon. members need not feel they are being committed by the adoption of the resolution, but further discussion might, I think with more advantage take place on the second reading of the bill when hon. members will have before them exactly what the proposals are in the form in which they would appear on the statute book if the bills were adopted.

Mr. JACKMAN: Can the minister say how much the increase will amount to in dollars?

Mr. ST. LAURENT: It will be an increase of one-third.

Mr. JACKMAN: In dollars?

Mr. ST. LAURENT: One-third of the total amount in dollars that is required for the judicial salaries. I did not make the calculation, and the figures in the estimates include travelling allowances. There is no increase in that regard. It would not be an increase of one-third of the total amount that appears in the estimates but an increase of something of the order of $600,000.

Mr. BRACKEN: Would the minister say a word about the last sentence of the resolution dealing with the payment of annuities to wives and widows in certain cases?

Mr. ST. LAURENT: There is no change in principle there. The hon. member knows that two years ago we provided that a judge on appointment could declare his option to take for himself in his own name only two-thirds of what he would otherwise be entitled to as pension rights and to have the other one-third placed in the name of his wife. If the pension were thus divided, the survivor kept his or her portion after the death of the consort. There is no change in that regard. But perhaps anticipating an objection such as that made this afternoon by the hon. member for Lethbridge (Mr. Blackmore), instead of amending merely the figures, the bill that is being proposed is a consolidation of the whole act so that hon. members will have before them in the bill just what the Judges Act would look like if the bill were adopted.

Mr. BRACKEN: It means no change in principle?

Mr. ST. LAURENT: It means no change in principle.

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

Resolution reported, read the second time and concurred in. Mr. St. Laurent thereupon moved to introduce bill No. 249, to amend the Exchequer Court Act.

Motion agreed to and bill read the first time.

Mr. ST. LAURENT moved for leave to introduce bill No. 250, respecting judges of dominion and provincial courts.

Motion agreed to and bill read the first time.

At six o'clock the house took recess.

After Recess

The house resumed at eight o'clock.

ECONOMIC AND FINANCIAL POLICY

STATEMENT OF MINISTER OF FINANCE AS TO STEPS TO BE TAKEN TO MAINTAIN ORDER, STABILITY AND INDEPENDENCE

Right Hon. J. L. ILSLEY (Minister of Finance): I wish to announce to the house several important steps which the government is taking in the economic and financial field in order to prevent undue increases in the cost of living and costs of production, improve the effectiveness of price control, encourage a greater supply of scarce goods which we import from other countries, and generally strengthen the stabilization programme and facilitate an orderly post-war adjustment of the Canadian economy while protecting it from the major effects of adverse developments outside our borders.

It is now almost six months since the Prime Minister in a public statement gave a comprehensive review of the anti-inflation policy in the light of the post-war situation. At that time it was said that essential controls would be maintained so long as emergency economic conditions arising out of or resulting from the war required special action to preserve economic stabilty. But it was also stated that, in order to assist the process of conversion from war to peace production and the many adjustments that had to be made to post-war conditions, a degree of flexibility would be recognized in the administration of price control, and that progress would be made in removing controls that were no longer necessary or desirable.

Early post-war developments were not unfavourable. Reconversion unemployment did not occur on the scale which some had feared, demobilization proceeded with comparative smoothness and rapidity, and the evils of both inflation and deflation were avoided. In many lines there has been a marked increase in the supply of goods and services available to consumers, and this will be further apparent to civilian consumers in the near future as the special requirements of demobilized members of the armed forces are satisfied. In the case of some other goods, however, various interruptions have seriously delayed the progress of production and distribution.

When parliament gave its approval to the National Emergency Transitional Powers Act last December, it recognized that the emergency economic conditions which prevailed at that time would continue to endanger the stability of the Canadan economy for at least another year, and that certain measures such as price controls and rationing would have to be continued. Most of us hoped that the situation which made these controls necessary would gradually improve. In recent months and weeks, however, a series of developments of increasing seriousness have combined to create a great and growing threat to our national stabilization programme.

Perhaps the greatest threat to the stability of prices in Canada comes from the rise in prices in the United States and, to a lesser extent, in other countries. The present position with respect to the future of price control in the United States is confused and uncertain. Without presuming to forecast what will happen in the legislative sphere, recent developments would seem to suggest that further increases in prices in that country are likely to occur. Indeed, quite aside from recent congressional developments, the fact is that prices in the United States have been rising steadily for some time and are already at a level substantially above the Canadian level when compared with the normal or pre-war position. In view of the strong commercial ties between this country and the United States, this trend has naturally exercised an increasingly strong upward pressure upon Canadian costs and prices, which we have sought to resist or neutralize as best we could. To a lesser extent ,increases in prices in other countries than the United States have had the same effect. Higher prices for Canadian imports tend to push up production costs and the cost of living in Canada, except to the extent that these increases are offset by subsidy payments, or absorbed by Canadian importers and distributors. Every increase in foreign prices for our own export products also stimulates pressures for increases in the domestic price of such commodities. It tends to divert more of these commodities to the export market, and compels us to strengthen our controls over distribution so as to retain sufficient supplies for use in Canada itself.

But while the greatest threat to the stability of prices in Canada arises outside our own borders, the situation in Canada itself is not free from difficulty. The same tendencies that are present in almost every other country to-day are working in Canada also to raise prices. Most of the price increases which have been authorized in Canada in recent months, and which have naturally given rise to concern on the part of the public, were the result of an accumulation of cost increases (increases in labour and material costs and the like) which have been going on for five years. Moreover,

the continued shortage of materials, and shortages of labour in certain lines, are tending to raise costs of production still further and to push prices up.

Still other price increases have resulted from the necessity of encouraging the production of needed but less profitable lines of goods as against the more profitable alternatives available to the same producers. The removal or reduction of subsidy payments on certain imports and domestic products have also given rise to price increases in recent months.

On the other side of the picture, it is clear to every observer that, with employment and consumer spending power being maintained the way they have, the demand for goods has continued to rise ever since the end of the war. In this situation many goods are still relatively scarce and this, too, creates another upward pressure on prices.

The whole combination of actual and prospective price rises abroad, shortages of goods which we urgently need from abroad, and delays in domestic production, taken in conjunction with the difficulties of providing effective administration of controls in a transitional period, undoubtedly threaten to undermine price control in Canada unless strenuous measures of defence are taken now.

Accordingly I wish to announce the government's decision to take four major steps to implement this country's determination to maintain order, stability and independence in its economic and financial affairs. These measures we feel will go a long way toward insulating Canada against unfavourable external conditions and easing the inflationary pressures which are now so strong.

The first of these is the issuance of a long but simple and clear list of all goods and services which continue subject to price control, a list which includes practically all articles of significance in the normal household budget and in the costs of production of farmers, fishermen and other primary producers. The result of this will be to suspend from price control a number of less important articles which create administrative trouble and red tape out of all proportion to their importance.

That list is contained in an order of the wartime prices and trade board, of which I am tabling copies now. It tells exactly what goods are subject to price control. The next question is, how is control to be exercised? As regards domestic products the answer is that the principles of price control remain the same as heretofore, that is, maximum prices are based on prices in effect in October 1941, or on specific price ceilings or regulated prices named in orders of the prices board, and price increases are in general authorized by the board only where over-all financial need is proved. As regards imported goods, however, a change is being made which constitutes the second of the major announcements which I have to make. Hereafter all imported goods of a kind subject to price control, unless specifically dealt with on another basis in orders of the board, will be priced on the basis of the importer's landed costs, plus a prescribed maximum mark-up in each case which will be somewhat less than the mark-up normally obtained by distributors of similar domestic goods.

Thirdly, for reasons which I shall discuss at some length later on, it has been decided to adjust the rate of exchange of the Canadian dollar to parity with the United States dollar. This change is effective immediately, that is to say, at 8 p.m. eastern daylight saving time. Banks and other authorized agents of the foreign exchange control board will now buy United States dollars at $1 Canadian funds, and sell at $1.00½. Similarly, the buying rate for pounds sterling will now be $4.02, and the selling rate $4.04. I wish to draw special attention to the fact that persons accepting United States dollars from tourists should now do so at par, that is to say, dollar for dollar, instead of at a premium.

The fourth matter which I wish to mention is that the policy of paying subsidies will remain in effect in order to prevent undue increases in prices of articles of major importance in the consumer's cost of living or in primary producer's costs of production.

Having described in brief the four main features of this programme, I should like now to give the house and the people of Canada some more detailed description and explanation of the steps we are taking.

First, in order to reassure the public and industry that the government has no intention of dismantling the system of price control so long as the emergency exists, we have prepared a definitive and detailed list of all the goods and services which will remain under price control. I am aware that the decision made several months ago to suspend certain goods and services from price control, necessary as that was, has been followed by a certain amount of public confusion and uneasiness. But it will be agreed as a general principle that, as part of our gradual progress towards decontrol, and in order to lighten the heavy burden of administration, it is desirable to remove price ceilings from items which are

trivial or unimportant to most consumers or producers, and from all items which are in such ample supply that price ceilings are no longer needed to keep prices within reasonable bounds. The present measure recognizes this and has the effect of removing from control a substantial number of individual items. This measure has the further merit that, by concentrating its attention on those things which matter most, the prices board will be able to make more effective use of the staff at its disposal.

The list of goods and groups of goods and services still under control is very large, so large that some may feel it should be further reduced. It is intended to cover virtually all of the items which are of everyday importance in the household budget, and many more; and also all the items of chief importance in costs of production. In general, basic materials are included and almost all parts and components of consumer goods. So far as the consumer is concerned, practically all food, fuel, clothing, textiles and leather goods remain under control, as well as the significant items under the headings of kitchenware, hardware, household appliances, radios, automobiles, furniture, house furnishings and building materials. The farmer or fisherman will observe that most of the goods he needs to purchase to assist him in production are also included. The control of rents, I should add, remains unchanged.

At this point I want to emphasize that no increase in the ceiling prices of domestic goods remaining under control is involved in this step. The basis of price control continues to be the prices already authorized by the wartime prices and trade board. Demands for price increases will continue to be resisted, except in cases where the financial need of the producer concerned make some upward adjustment imperative.

The second step which the government has authorized the prices board to take, that relating to prices of imported goods, is one which has been forced by external circumstances over which we have no control. The new system may be briefly described as follows: an order of the prices board will be issued establishing maximum mark-ups over landed costs for a wide list of imported consumer goods. The mark-up will be somewhat less than normal, in order to minimize any adverse effect on consumer prices in Canada, prevent pyramiding of foreign price increases, and remove any temptation to handle imported goods rather than domestic goods if domestic goods are available in adequate quantity.

[Mr. Ilsley.]

It will be recalled that, commencing in February last, the prices board has been permitting imports from the United Kingdom and those war-ravaged countries which were so recently our allies to enter this country on somewhat the same terms as those now extended to all countries. It is expected that as a result of this action, goods which were in danger of being excluded from Canada in the operation of our own price control policy will begin to be imported more freely as conditions of supply improve. We are taking the view that it is better to get the goods, even at a higher price, than to insist that domestic price ceilings must be maintained on imports, which in many cases makes importation impossible. In so doing we are taking a step towards decontrol and providing for an extension of a two-way system of trade without seriously endangering our price control programme at large. Needless to say, this decision will also assist considerably in easing the administrative burden of the prices board. Applications for specific price increases on imported goods, with the exceptions noted, will no longer be necessary. The general law applicable to such goods is simple and clear, and provides for automatic flexibility in accordance with movements of foreign prices whether up or down.

It should be noted, however, that the new system does not apply to imported foods or to imports of goods eligible for subsidy. Existing price control orders will continue to apply to such goods. There are also a number of other classes of goods such as imported motor vehicles, farm implements and household appliances, which will not be in this list because they are already controlled by specific board orders on a somewhat similar basis, or will be so controlled upon application and investigation.

The adjustment in the exchange rate will help to offset the effect of high and rising prices in other countries. It will mean that the cost of imports will be 10 per cent less, in Canadian-dollar terms, than would otherwise have been the case. This is important in respect of machinery, equipment and supplies, and a wide variety of consumers' goods. In fact, we may hope that in some cases there will be an actual decrease below present costs of imports. In any event, as a result of the movement of the rate, actual or prospective increases in other countries' prices of such items as coal, crude oil, gasoline, farm implements, sisal for binder twine, clothing and textiles, citrus fruits, bananas, coffee, tea, sugar, etc., will be restricted in their effect upon Canadian prices, and the task of hold-

ing a reasonable level of costs by means of subsidies on essential imports will be kept within manageable proportions.

Another benefit from this change will be that prices of goods which we normally buy from England, France and a number of other countries will now be more in line with our prices with the result that we will receive more goods from them. They will receive more Canadian dollars from their commerce with us and so be less dependent on inter-governmental loans to finance their purchases from us.

Before dealing further with the question of exchange rate, it will be convenient here to comment on the policy with respect to subsidies. The change in import price policy does not affect imports of materials basic to the cost of living which are presently being subsidized. We may find it necessary to increase these subsidy payments, notwithstanding the government's desire to reduce and ultimately eliminate all wartime subsidies of this character. And the same will be true of certain important domestic subsidies. It had originally been intended that the prices board would be able to withdraw from practically all subsidy arrangements by the end of 1946, and actually a good deal of progress has already been made in this direction. However, as I have said, the government feels the time is not opportune for any further major removal of subsidies and, having in mind the likelihood of rising prices in foreign markets, it is possible that we may not be able to reduce our total subsidy bill for this current year to the extent that we had expected.

I come now to the question of the exchange rate. The other proposals, it might be said, are principles of policy, and make for greater administrative efficiency, and for greater public assurance as to what is under price control, and as to how that control is to be exercised, but they do not actually attack the inflationary pressures at their source, except perhaps through subsidies.

Undoubtedly the greatest present source of inflationary pressure lies in the high and still rising price levels of other countries. Prices in other countries directly affect the prices of our exports and imports, and ultimately, through their influence on costs, affect the prices of virtually all our goods and services. Foreign prices are translated into Canadian equivalents through the medium of the exchange rate, and the question of the appropriate rate of exchange for the Canadian dollar is a matter of major importance in its own right, as well as in relation to price control.

Our present situation is that a very marked difference has developed between the general price levels of Canada and the United States, especially if American prices are translated into Canadian funds by the addition of 10 per cent exchange premium. The depreciation of the Canadian dollar by 10 per cent at the beginning of the war caused an immediate increase in many of our prices as compared with the United States. In the course of time our entire price structure might have reflected, on the average, the full 10 per cent difference in the values of our two currencies. The application of price ceilings, however, came sooner in Canada, and had a more restraining influence on price increases here than in the United States. The result was that by the end of the war our general level of wholesale prices had increased on the whole no more than theirs, despite the 10 per cent exchange differential. In respect of retail prices and the cost of living the disparity is even more marked, for the United States index had by May of this year increased 33 per cent over the level of August, 1939, compared with an increase of 21 per cent in Canada.

It has become increasingly clear that we could not continue to maintain a price structure which is roughly 10 per cent out of balance in terms of our exchange rate, or, looking at it the other way round, to maintain an exchange rate which is roughly 10 per cent out of line with our price structure.

If world prices, or at least American prices, had declined soon after the war, or showed any likelihood now of an early decline, no doubt it would be better for us to continue without changing the rate; but instead United States prices and costs have risen, and it is most unlikely that a major decline of the general price level can occur during the transitional period when both the foreign and the domestic demand for goods is so strong.

Accordingly, when this trend became clear, we were faced with the alternative of either changing the exchange rate, or of setting in motion, as the process of decontrol continued, an increase in our own price and cost structure, more or less to the American level plus 10 per cent. What this last would mean in terms of high cost of living, social unrest, and wage conflicts, can readily be imagined. The government has decided that such an extra measure of inflation, additional to whatever price increases may otherwise be necessary if we are ever to complete the adjustment to post-war conditions, would have the most serious disruptive effects on the entire economic and social structure of our country, and must be prevented by the only action which in the long run can prevent it.

There are a number of further points I should mention, to avoid misunderstanding. I would not want anyone to think that by this

action we were conflicting with the rules of the international monetary fund or using up our freedom of action to make other changes at a later time if we saw fit to do so. We propose to notify the fund that the new rate is the proper initial rate for Canada at the time the fund commences to operate. We believe that the circumstances are such as to make this new rate acceptable to the fund as the initial rate for the Canadian dollar. In such event we retain the same freedom as any other member to move the rate later up or down by as much as 10 per cent without the fund's approval, and by other amounts in accordance with the provisions of the fund agreement, if circumstances should arise which made such a move on our part seem necessary and desirable.

I have emphasized, for the sake of clarity, our future freedom of action in this regard. But we do not propose—no Canadian government would ever propose—to move the exchange rate with every passing wind. The present move is only being made after very careful study and deliberation over a considerable period. I should like to reaffirm what I said on June 17 last, when introducing in this house the foreign exchange control bill, with reference to the great advantages obtainable by maintaining exchange stability for as long a period as economic conditions may justify. To maintain that desirable degree of stability, to avoid erratic and frequent fluctuations, as well as to protect ourselves against speculative or otherwise undesirable capital movements, we must maintain the principles and the administrative machinery of foreign exchange control. The present action does not in any way change that, for exchange control is as necessary at one level of rates as at another.

The alteration of the exchange rate at this time takes on added significance in the light of very recent developments in the United States. Even before the recent difficulties over price control legislation, however, price increases in the United States and further increases in prospect as a result of cost increases, were such as to make the case for restoring parity of exchange a strong one on economic grounds. The rapid deterioration in price control in the United States in recent weeks aggravated the situation, and emphasized the need for our action on practical grounds, to cushion the immediate impact of higher United States prices. But whatever the United States may do in the future to revive the office of price administration and restore price ceilings in the United States, the divergence of the price levels in our two countries had already gone too far to permit the continuation of what had become an unrealistic exchange rate.

I have spoken several times of the general level of prices, and of the fact that our price structure as a whole has been prevented, so far, from showing the effects of the 10 per cent exchange premium. The total price level is composed of many different prices, some of which have been held far below the American level; others have, in respect of exports at least, already fully reflected the increases in the United States and the 10 per cent exchange premium as well. It is a fact, therefore, that some industries which export chiefly to the United States have already obtained, for their exports though not for their domestic sales, the benefit of higher American prices which, when converted to Canadian currency, yielded them an additional premium of 10 per cent which will no longer be available.

We must recognize that the disappearance of that premium will have some unfavourable effects for a number of industries. But I think we must also recognize that the action which is being taken is clearly desirable in the interest of the country as a whole, and that therefore it will also be in the long-run interest of Canadian industry. Moreover, this action is being taken at a time when the unfavourable effects will be minimized for practically every one of our great export industries with the exception of gold mining. In the case of agricultural products, for example, export prices are now almost entirely expressed in Canadian dollars rather than in foreign currencies; the same is true of a number of other products, and to the extent that exports to certain markets are still priced in foreign currency, there is in most cases a firm and rising price level in such markets. In any event, our export industries share with our domestic industry the benefits of our stabilization policy and the lower costs of production which it makes possible.

Indeed, unless we absolutely refuse to consider the possibility of ever restoring our dollar to parity with the American dollar regardless of their intrinsic values, it would be difficult to conceive of an occasion more appropriate than the present time.

That completes what I wish to say at this time about specific measures, the strenuous measures which I said earlier the present situation calls for. I believe they are necessary, and that they are also adequate for the job we have to do until full peace-time production is restored and supply is in better balance with demand. But that job is not

easy, and success will continue to depend, as we must all recognize it has always depended, upon public understanding and support. That support implies a widespread feeling of responsibility, of restraint, of moderation in individual and collective action.

When all is said and done, the objectives of our national stabilization programme are the preservation of real social values, the protection of the value of real wages, of the real incomes of primary producers, of the real value of the income of pensioners, and teachers and office workers, and of the wartime savings of so many millions of Canadians.

Demands for increases in actual money wages, if pushed to extremes, lead only to conflict and turmoil, and in the end are worthless if they result in skyrocketing prices and a corresponding fall in the value of money. It is to protect the real value of the workman's wage and the purchasing power of the housewife's dollar that we are continuing the struggle to avoid price and wage increases beyond such reasonable amounts as are seen to be justified by changed conditions.

The same is true of farm prices and costs, both the farm household's living costs and the farm operator's costs of production. The farmer above all has reason to fear a substantial increase in his costs, for one thing because he knows how rigid those costs prove to be at a time when his own prices may be depressed. The government has endeavoured by its policy of floor prices to insure farmers against sharp declines in agricultural prices in the future. But in the meantime, and for the future as well, it will be recognized by all farmers as essential to their welfare to keep their costs of production, I do not say absolutely fixed, but within reasonable limits. For this purpose, no amount of increase in farm prices, to be followed by an inevitable decline in the usual boom and collapse cycle could possibly provide adequate compensation. It is the preservation of a reasonable balance that we must strive for, and it is by holding in check the farmer's costs that we can do him the best service.

The war, and the experience of other countries, have indeed taught us the vital importance of keeping all inflationary pressures under firm control until supply and demand conditions are in a more normal relationship. The present Canadian programme should strengthen our hands in that regard. We have removed uncertainties and simplified administration by preparing a specific list of goods and services whose prices are under control. We have reaffirmed the principles of price control, and of adjustments where necessity is proved, in respect of Canadian products. We have established a simple and workable pricing principle for imports, which among other things will ensure a continued flow of whatever goods are available from other countries despite fluctuations in foreign prices. We will reduce the impact of increases in foreign prices of the most essential goods by continuing and if necessary increasing subsidies. Finally, we have taken a step which will reduce the cost of imported goods, or will offset increases that would otherwise occur, through our action in moving the exchange rate to a point which more accurately reflects the true international and domestic value of the Canadian dollar.

LABOUR CONDITIONS

TERMS OF SETTLEMENT OF STRIKE IN BRITISH COLUMBIA LUMBER INDUSTRY

Hon. HUMPHREY MITCHELL (Minister of Labour): With the consent of the house I might announce that I have just been in conversation with Chief Justice Sloan in Vancouver. The terms of settlement in the strike in the interior area box factories in British Columbia are ten cents across the board; time and a half after forty-four hours, and a number of minor adjustments. The basic adjustment is an increase of ten cents an hour across the board, and I should like to say that I think that would be a very fair yardstick for the settlement of industrial disputes in Canada, where they are of a serious nature.

PRIVATE BILLS

LA SOCIÉTÉ DES ARTISANS CANADIENS-FRANÇAIS

Mr. SARTO FOURNIER (Maisonneuve-Rosemont) moved that the house go into committee on bill No. 196, to consolidate and amend the acts relating to La Société des Artisans Canadiens-Français.

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

Sections 1 to 16 inclusive agreed to.

On the preamble.

Mr. MacNICOL: Just to show you, Mr. Chairman, how well you are doing, may I say that while you have been reading out the sections I have been making a search to find the bill, but I have not yet found it.

Preamble agreed to.

Bill reported, read the third time and passed.

SECOND READINGS

Bill No. 201, for the relief of Marie Olivette Marthe Pépin Giguère.—Mr. Maybank.

Bill No. 202, for the relief of Evelyn Helen Deeb Kouri.—Mr. Maybank.

Bill No. 203, for the relief of Rose Dawson Brady.—Mr. Stuart (Charlotte).

Bill No. 204, for the relief of Shirley Boyd Fuller Dichow.—Mr. Maybank.

Bill No. 205, for the relief of Beatrice Emily Young Crane.—Mr. Maybank.

Bill No. 206, for the relief of Martin Thomas Walsh.—Mr. Maybank.

Bill No. 207, for the relief of Anna Blumenthal Gillman.—Mr. Maybank.

Bill No. 208, for the relief of Annie Solomon Birnbaum.—Mr. Maybank.

Bill No. 209, for the relief of Katherina Demidovich Zouikin.—Mr. Maybank.

Bill No. 210, for the relief of Herbert Beatson De Gruchy.—Mr. Maybank.

Bill No. 211, for the relief of Luc Chadillon. Mr. Stuart (Charlotte).

Bill No. 212, for the relief of Mary Innocent Gorman Martin Gillean.—Mr. Weir.

Bill No. 213, for the relief of Maurice Olivier Singfield.—Mr. MacLean.

Bill No. 214, for the relief of Myrtle Ethel Anderson Hamill.—Mr. Maybank.

Bill No. 215, for the relief of Allan Reginald Duncan Woolley.—Mr. Maybank.

Bill No. 216, for the relief of Ida Portnoff Clarke.—Mr. Maybank.

Bill No. 217, for the relief of May Andria Thistle Shirres Richardson.—Mr. Maybank.

Bill No. 218, for the relief of Florence Margaret Louise Jekill Wiggett.—Mr. MacLean.

Bill No. 219, for the relief of Pauline Frances Beaton Bridgeman.—Mr. Maybank.

Bill No. 220, for the relief of Mildred Helen Cavers Watson.—Mr. Maybank.

Bill No. 221, for the relief of Paul Maurice Chevalier.—Mr. Maybank.

Bill No. 222, for the relief of Dorothy Catherine Benson Hunter.—Mr. Stuart (Charlotte).

Bill No. 223, for the relief of Pauline Francesca Evans Gladwish.—Mr. Emmerson.

Bill No. 224, for the relief of Mary MacDonald Short Browne.—Mr. Maybank.

Bill No. 225, for the relief of Solomon Shulman.—Mr. Maybank.

Bill No. 226, for the relief of Robert Patrick Warren.—Mr. Maybank.

Bill No. 227, for the relief of Elsie Alvina Hirsch Sidaway.—Mr. Maybank.

Bill No. 228, for the relief of Sadie Joseph Saikaley Charles.—Mr. Maybank.

[Mr. MacNicol.]

Bill No. 229, for the relief of Arthur Corey Thomson.—Mr. Maybank.

Bill No. 230, for the relief of Jean Wilbur Cassils Dawes.—Mr. Maybank.

Bill No. 231, for the relief of Jean St. Claire Macdonald Routledge.—Mr. Maybank.

Bill No. 232, for the relief of John Anderson Hutchins.—Mr. Maybank.

Bill No. 233, for the relief of Ivy May Baylis Lariviere.—Mr. Maybank.

Bill No. 234, for the relief of Muriel Gertrude McKnight Carroll.—Mr. Maybank.

Bill No. 235, for the relief of Erminia Taccani Roncarelli.—Mr. Maybank.

Bill No. 236, for the relief of Violet May Armour Smith.—Mr. Maybank.

Bill No. 237, for the relief of Beatrice Caroline Lock Norman.—Mr. Maybank.

Bill No. 238, for the relief of Blanche Belanger Mullin.—Mr. Maybank.

Bill No. 239, for the relief of Alfred Goodman.—Mr. Maybank.

Bill No. 240, for the relief of Charles Thomson.—Mr. Maybank.

Bill No. 241, for the relief of Hannah Green Turton.—Mr. Maybank.

Bill No. 242, for the relief of Ida Solomon Caplan.—Mr. MacLean.

PRINTING AND STATIONERY

ADVANCES TO KING'S PRINTER FOR PURCHASE OF MATERIALS

Hon. PAUL MARTIN (Secretary of State) moved the second reading of bill No. 245, to amend the Department of Public Printing and Stationery Act.

Mr. GRAYDON: I suggest that the minister ought to give us a full explanation.

Mr. MARTIN: I did last night.

Mr. GRAYDON: I must have been out of the house at the time.

Mr. MARTIN: Yes; the hon. member was.

Mr. GRAYDON: Perhaps the minister would give us a summary.

Mr. MARTIN: The purpose of the bill is to increase advances to the king's printer. Some years before the war, the advance was $700,000. The auditor general has had to call the attention of the king's printer to the fact that he was spending an amount greater than that on hand. All we are doing is to put into legislative form something that is now provided for by order in council.

Mr. GRAYDON: I have no objection to second reading, but I shall have some questions to ask in committee.

Motion agreed to, bill read the second time and the house went into committee thereon, Mr. Golding in the chair.

On section 1—How expenses shall be met.

Mr. GRAYDON: In dollars and cents, to what extent has the business in the office of public printing and stationery increased from the time the act was originally passed until the present time, when the maximum expenditure may amount to $2 million? I do not suggest that office is spending $2 million, but that is the amount in prospect.

Mr. MARTIN: I have not the figures to show the expenditures when the office of king's printer was established. I would answer, however, by pointing out that the total expenditures by the king's printer, covering both inside and outside printing and stationery, and other miscellaneous revenue, were, in 1939, $4,995,000. In 1945-46 it was about $12 million, or almost three times as much. Of course that was due to a great extent to necessarily increased business during the war. The king's printer estimates that, while the amount in 1946-47 will not be in the neighbourhood of $12 million, it will likely be somewhere between $4 million and $12 million. This is largely due to the increased pressure of business and the demands made on the office of the king's printer. In any event, the amount is well over the $2 million advance.

Mr. GRAYDON: What is the difference between the amount spent by the government for printing in the year before the war broke out and the amount spent in the present year?

Mr. MARTIN: I cannot say what it will be next year. However, it will be somewhere between $4 million and $12 million; perhaps about $6 million.

Mr. GRAYDON: What about the year before the war?

Mr. MARTIN: In that year, 1938-39, the gross turnover was about $5 million.

Mr. MACKENZIE: May I point out that this year we have more committees doing more detailed work than has been done at any time in the last fifteen years. They have all asked that their reports be printed.

Mr. GRAYDON: I fancy the work of printing which can be related directly to parliament is only a small percentage of the work done by the king's printer. I imagine the increase in work in that office arises to a great extent from documents sent in to the office from outside for printing. For instance, I fancy that the printing charges for the House of Commons, including the printing of *Hansard* and other house documents, while possibly of considerable extent in themselves, at the same time do not comprise the greater share of the work done by the king's printer. I am wondering whether it is the policy of the government to cut down on unnecessary printing done by the king's printer. An enormous amount of money is being spent by the government upon all kinds of informational and publicity work. This matter has been up before the house on a previous occasion, and I should not like to consent to this bill going through committee unless there was some undertaking by the government that there will be a definite and effective curb upon the printing being put out by the government. If there ever was a government that seemed to be printing-ink conscious, it is this one. I hope the minister will be able to give some undertaking that economies will be effected.

Mr. MARTIN: Special attention is being given to that particular point. While it is not a new post, there is a controller, an official of the department, who pays strict attention to unnecessary expenditure. I may say that the king's printer has so much business to do even now that he cannot possibly handle the full requirements with his own staff and equipment; and every effort is being made, both by the administration and the king's printer, to avoid unnecessary work which means unnecessary expenditure.

Mr. GRAYDON: Is any work that would normally be done by the king's printer farmed out or sublet to other firms in Canada?

Mr. MARTIN: During the war there was a great amount. During that period the king's printer was unable to handle forty per cent of the requisitions that were made. That work was farmed out, as it has always been farmed out in varying amounts almost from the time the office of king's printer was established in 1889. Of course, during the days of peace the amount farmed out is not as much as it was during the days of war; but in the light of the present state of the equipment and in the light of the space which the king's printer has at his disposal, there is not much hope of our giving assurance that we can handle all the work, even exercising the greatest diligence on the side of economy. However, the king's printer does a substantial part of it, and to the extent that he does the cost, as compared with work done by commercial firms, is on the side of economy.

Mr. BOUCHER: Could the minister give more details as to the amount of work done outside during the past three years?

Mr. MARTIN: If the hon. member will look at parliamentary return, reference number 164, he will find the details by provinces for the period he has mentioned.

Mr. MacNICOL: The king's printer does good work, and one of the best jobs he does is to print the speeches of the members of parliament which are mailed out to the ridings in Canada. By this means we are able to keep those whom we represent in touch with what we are doing and saying here. If they read the *Hansard* we send them they will be able to judge whether we should be returned or left at home. Why has the cost gone up so much that to-day it costs almost a small fortune to send out a few thousand copies containing five or six speeches?

Mr. MARTIN: It is simply a question of increased costs which are made up of additional wages paid to the staff and so on.

Mr. MacNICOL: Is there a cost department in the office of the king's printer?

Mr. MARTIN: Yes.

Mr. MacNICOL: Who would ascertain the exact cost in each case?

Mr. MARTIN: There is a specialist in cost accounting in the department.

Mr. FERGUSON: Prior to the war, the estimates for this branch were given as $3,000,000, but now they run between $4,000,000 and $12,000,000. I have seen several of the pamphlets that are put out by the government. One was an expensive lithographed pamphlet advising employers to establish in their plants suggestion boxes into which employees would be able to drop suggestions for improving the business. To my own knowledge, that practice has been in operation for at least twenty-five years and there are a thousand plants in Canada that have had it for over ten years. If the government is to take its money and distribute twenty or twenty-five thousand pamphlets like that, then with the greatest respect I say to the minister that he had better watch some of the departments that are placing orders with the king's printer.

Mr. MARTIN: The minister has been accused of being too strict in that particular, but I can assure my hon. friend that he intends to continue in that regard.

Mr. KNOWLES: May I ask two questions? How many printers employed in the king's printer's establishment here in Ottawa are members of a trade union? When the king's printer places an order for printing with an outside commercial firm, is it always placed with a union shop?

Mr. MARTIN: I shall have to defer replying to the first question. With regard to the second question I may say that during the war there were some instances, particularly with respect to some very rush requisitions, where that policy was not lived up to. I can assure my hon. friend that every endeavour is made in normal times to give business to such firms, where possible.

Mr. KNOWLES: It is the policy of the government that printing farmed out is to be placed with union shops?

Mr. MARTIN: It is the policy.

Mr. KNOWLES: Has consideration been given to placing the union label on such printing?

Mr. MARTIN: Consideration has been given to that.

Mr. KNOWLES: If it is the government's policy that farmed-out printing is to be placed with trade union shops will the minister indicate whether consideration has been given to entering into a collective agreement with the printing employees at the printing bureau here in Ottawa?

Mr. MARTIN: Yes.

Mr. KNOWLES: When vacancies occur in the higher posts in the department of public printing and stationery are they filled by promotion of employees who have been working there, or are outside persons brought in?

Mr. MARTIN: By promotion as far as is humanly possible.

Mr. KNOWLES: How far up does that policy apply?

Mr. MARTIN: The office of king's printer of course is one that is filled at the pleasure of the crown, but the principle applies to all others.

Mr. FERGUSON: Surely small printing offices which do not belong to a trade union will not be debarred from tendering, provided that they do efficient work?

Mr. MARTIN: That is why I said that every endeavour was made to do that wherever possible.

Mr. KNOWLES: You cannot suit both of us.

Mr. FERGUSON: He can suit the citizens.

Mr. HAZEN: The last sentence in the explanatory note reads:

The amount of two million dollars is considered requisite to meet adequately normal expenses incurred in advance for the printing and stationery requirements of parliament and the departments of government.

Where in the estimates is the cost of printing and stationery requirements shown?

Mr. MARTIN: Office of the king's printer.

Mr. THATCHER: According to information which the minister gave me earlier in the session, 98 per cent of the printing for the government which was done by outside firms this year was printed in Ontario and Quebec. Could the king's printer not give a little more printing to firms in western Canada and the maritimes?

Mr. MARTIN: I anticipated this because the hon. member asked me the question privately some time ago. The king's printer found it almost impossible to place orders with far-away firms under the limitations of the statute, which provided that no orders involving an expenditure over $500 should be placed with outside printing plants without competitive prices having been secured. As a result, the king's printer during the war, through the then secretary of state, asked for authority under the War Measures Act to extend this amount to $2,500. This helped considerably in placing more orders with firms located in the eastern and the western provinces. This privilege could not be used as extensively as we would have liked because of the urgency of so many of the orders and the constant pressure which was placed on the king's printer by various government departments calling for almost immediate production and delivery of the requirements ordered on their requisitions, with the result that in many cases orders had to be placed at most convenient points. Another thing preventing more orders going through firms located at a distance from Ottawa was the difficulty of transportation and the extra cost of shipping stock and returning the finished product to Ottawa.

In an endeavour to give work outside Ottawa during the war, the king's printer gave the privilege to many agents of the government to place orders locally, especially the war finance committee, the wartime prices and trade board, the national defence department, and more especially the directorate of recruiting, on the condition that a complete report of every item was referred to the king's printer, showing the price paid in each case. Since these orders were paid for out of funds of the department placing the order, the statements I submitted in a return some time ago do not fully indicate the exact cost under the operation of the king's printer. However, in no case was authority granted for orders involving more than $500.

In comparing the amounts spent in each province under these conditions and realizing the difficulties under which the department laboured all through the war period, one must keep in mind the facilities of the printing plants in each province. In this regard, I could give a statement of the capital expenditure, personnel, and salaries and wages paid in each province in connection with the printing industry. It would seem reasonable that under the circumstances more orders should be placed in those provinces where the printing facilities were greater, more varied and more adaptable to the nature of the printing material which had to be produced.

With regard to the different amounts of money spent with each printing plant, it is quite difficult to explain the many differences existing between the plants. First of all, there is the difference in their equipment. Then, there is their ability to quote low enough to secure a job and to make delivery in the time allowed. So that every endeavour is made in farming out material to give every province as fair a distribution as possible. The return which I tabled some weeks ago will indicate that while the heaviest expenditure occurred in Quebec and Ontario, that was due in many cases to the ability of printing firms to make prompt delivery, particularly during the war period, and also due to transportation costs and factors of that kind. During the days of peace, when the urgency is not so great, it should be possible to effect a more equitable distribution, and to the extent that that is possible, having in mind all the exigencies, I can assure the hon. gentleman that that will be done.

Mr. BOUCHER: An increase from $700,000 to $2,000,000 is substantial. I wonder if the minister feels that it is really necessary, now that we are through the period where there was such a rush of printing because of the war. The statement which the minister has just made does throw some light on the situation. He said that previously the king's printer had been able to farm out work without competitive bidding up to an amount of $500 and that was later increased to $2,500.

Mr. MARTIN: That was during the war.

Mr. BOUCHER: We who believe in competitive bidding for printing should insist on that rule being adhered to as much as possible, because otherwise we have not that check which has hitherto prevailed. I can appreciate that, while $700,000 may have been sufficient

in 1928 it may not be adequate for present requirements, but $2,000,000 is almost three times the $700,000 in 1928, and this is being asked for when the heaviest strain on the printing bureau is over. In the economy which the people of Canada are demanding to-day, we believe that they will demand much greater economy in the printing bureau than we have seen in the last six or seven years, and when that economy is brought into effect it should cut down the necessity for such substantial advances. I believe that, before asking us to raise this $700,000 to $2,000,000, the minister should give a full explanation why such an increase is required.

Mr. MARTIN: My hon. friend, may I say with great respect, is confusing what I had to say about competitive bidding with the bill before the committee. This proposal to raise the advances to the king's printer from $700,000 to $2,000,000 has nothing to do with competitive bidding. The king's printer is not only the king's printer but the supplier to all departments of government of their stationery requirements, such as inks, paper, machines and other supplies. This amount of $2,000,000 does not represent an expenditure of money. It is part of a revolving fund. It is an advance to the king's printer of money which he must have in order to meet current obligations. Otherwise he would get himself into the same position he was in when the auditor general had to point out that he had spent more money than he was authorized to spend out of the then revolving fund. I repeat, it is not an expenditure. It is simply a fund out of which the king's printer is able to pay for stocks and supplies which he must hand out to the various departments of the government in return for which at a later date he receives payment from the departments concerned.

Mr. BOUCHER: I appreciate that this is only working capital; but in view of what the minister has said of the king's printer farming out such a great quantity of work to private enterprise, and since the amount that he can farm out without competitive bidding has been increased from $500 to $2,500, and since we have passed through the period where there was such a strain on the king's printer, I think we should be careful about increasing these advances from $700,000 to $2,000,000 when there is such a demand for economy and the cutting down of expenses in this country. Certainly raising from $500 to $2,500 the value of the work which the king's printer can hand out without competitive bidding at least lends itself to a lack of economy.

[Mr. Boucher.]

Mr. McIVOR: It does seem a big increase from $700,000 in 1928 to $2,000,000. But I would ask the minister, by how much have the general expenses of the labour department, say, and some other departments, increased in that period? As we extend our work we have to pay for it. What I rose to ask, however, was whether the linotype operators or typesetters of the king's printer belong to the civil service?

Mr. MARTIN: Yes.

Mr. McIVOR: Are they eligible to join a union?

Mr. MARTIN: Yes.

Mr. KNOWLES: And most of them are members.

Mr. MacNICOL: Should there not be four words added after the word "requisitions", so that the sentence would read:

. . . for the execution of orders given or requisitions made under the provisions of the act, and to pay the wages of workmen engaged in the execution of such orders or requisitions the established union rate.

Mr. MARTIN: With regard to wages paid men who work in the office of the king's printer, the wage paid is the average of the wage paid in the cities of Montreal and Toronto. An adjustment was made last fall. There is a periodical revision and the last revision was made at that time.

Mr. MacNICOL: Where you farm orders of the king's printer around the country, are the men engaged in printing in the smaller shops assured the average union rate?

Mr. MARTIN: They are paid the prevailing rates.

Mr. MacNICOL: If the Department of Public Works lets a contract for the erection of a building it is stipulated in the contract that the men engaged in the work are to receive for all trades the standard established union rate.

Mr. MacINNIS: I understand that the printing staff are all what we call prevailing-rate employees; that is to say, they get the prevailing rate in that particular trade in localities surrounding Ottawa.

Regarding the point raised by the hon. member for Davenport, my understanding was that in all contracts let by the government there is a fair wage clause, and that would also mean the prevailing wage for the particular kind of work where government work was being done. Did the minister indicate that that was not the case in regard to these contracts?

Mr. MARTIN: As far as possible that is done. A small order amounting to $450 was given the other day to a small shop in a little town. In such a case it is difficult, where the order is small, to exercise a full supervisory direction. I am going to have that matter looked into and possibly we can take a definite step in that direction. Perhaps by the time my estimates come up I shall have something more definite to report.

Mr. SMITH (Calgary West): I am going to show the minister how he can save a great deal of money. My suggestion is that he cease printing menu cards in the restaurant. We have all been here for three months now. Our memories are not all bad and we all know the particular kind of poor food that we shall get every day. The food may be all right when it reaches the restaurant, but when it reaches us it is simply terrible, so let us not bother about printing these cards any more. Just let us go and take chuck. If they mix it all together and make a good stew it will be infinitely better than the courses we get now.

Mr. KNOWLES: When a member gets the answer "yes" he should be satisfied, but I wish the minister would be a little more enthusiastic, to say the least, about this question of whether or not consideration that is really worth anything is being given the matter of a collective agreement with the employees and also the use of the union label. So often we get the answer that consideration is being given that it is not always convincing. Hence I ask the minister to indicate to the committee the precise stage at which that consideration now stands.

Mr. MARTIN: The matter is actively under consideration. The hon. gentleman knows that when I say "yes" in answer to that kind of question I mean this.

Mr. KNOWLES: Thank you.

Section agreed to.

Bill reported, read the third time and passed.

CANADIAN COMMERCIAL CORPORATION

ASSISTANCE IN DEVELOPMENT OF TRADE WITH OTHER COUNTRIES

Hon. J. A. MacKINNON (Minister of Trade and Commerce) moved that the house go into committee to consider the following resolution:

That it is expedient to present a bill to establish a corporation to be known as the Canadian Commercial Corporation empowered to assist in the development of trade between Canada and other nations and to assist persons in Canada to obtain goods and commodities from outside Canada and to dispose of goods and commodities that are available for export from Canada. Provision is made for grants to the corporation from unappropriated moneys of the consolidated revenue fund of amounts not exceeding in the aggregate ten million dollars and other grants out of the consolidated revenue fund as authorized.

He said: On April 2 of this year I tabled in the house an order in council establishing the Canadian Commercial Corporation. At that time I pointed out that in the present disturbed condition of world trade there are many transactions which cannot be handled entirely by private business and that, in order to deal effectively with many urgent transactions then in hand, it was necessary to bring the corporation into being as rapidly as possible by order in council.

That order in council, P.C. 1218 of March 29, 1946, became effective on the first day of May, and on that date the property, obligations and rights of the Canadian export board were assumed by the Canadian Commercial Corporation.

The legislation now before the house will enable the corporation to serve the needs of Canadian business on a continuing basis so long as the requirements of international trade demand.

As I have already mentioned, one of the principal obligations which the Canadian Commercial Corporation will be called upon to discharge is the work hitherto performed by the Canadian export board which made purchases in Canada for foreign governments and for the united nations relief and rehabilitation administration. I should refer here to the work done by the Canadian export board in this very important field.

The Canadian export board was established in January, 1944, to buy essential non-military supplies in Canada for other governments. Its work has developed steadily in scope and importance since that date. Among the countries for whom purchases have been made by the Canadian export board are the United Kingdom, and the United Kingdom crown colonies, Australia, India, Southern Rhodesia, France, Russia, South Africa, New Zealand, Belgium, the Netherlands, the Netherlands East Indies, Norway, Czechoslovakia, Denmark, China and also, of course, purchases for UNRRA. The actual value of the contracts placed by the board as of April 30, 1946, totalled $404,274,550. The value of goods on requisitions raised by the board and transferred to the Canadian Commercial Corporation for future action is estimated to be $41,142,310.

In order to accommodate large quantities of goods such as clothing, soap, farm implements, leather and fertilizer purchased by the Canadian export board on behalf of UNRRA it became necessary for the board to establish several packaging and storage warehouses. These are located at Halifax, Saint John, St. Lambert, Lachine, Beauharnois and Winnipeg. The stores are held in the warehouses and shipped overseas from time to time as vessels become available.

It is beyond question that the services rendered during difficult war years by the Canadian export board in obtaining essential civilian goods for members of the British commonwealth and foreign governments were of great importance to the export trade of Canada. Wartime restrictions made normal trading activities impossible in most instances and consequently the establishment of this government agency was invaluable both to buyers and sellers. In many cases the purchases made by the Canadian export board for the governmental agencies of other countries provided the only means whereby Canadians were able, at least in part, to supply traditional markets, in addition to which they assisted in introducing Canadian goods into new export markets.

The work which the Canadian Commercial Corporation will undertake, however, will embrace both the export and the import fields, and I believe that it will be useful to the house if I summarize in broad outline the projected activities of the corporation under both these heads, and refer briefly to the policies of government which underlie them.

All contracts placed by the Canadian export board and not completed as of May 1 were automatically transferred to the Canadian Commercial Corporation without specific amendment. I should like to emphasize, as a point of considerable importance, that while the corporation is government owned and controlled, the contractual relationship between buyer and seller is greatly improved by the establishment of the corporation. As a separate entity, the corporation may sue or be sued in its own name in an appropriate court of justice.

In general, the corporation acts only as an agent and does not of itself initiate purchases in Canada. Nevertheless, at the request of Canadian suppliers, it will bring commodities available in Canada to the attention of those whom it represents, supplementing in this regard the foreign trade service of my department. Should such inquiries result in orders, the contracts would then be let by the corporation. One exception to this is the purchase by the corporation of canned fish, surplus to Canadian requirements, at prices arranged in collaboration with the Department of Fisheries. The stocks so purchased are held in storage awaiting release on allocation by the combined food board.

The corporation will not encroach upon the activities of private business; in fact, one of its primary objectives will be to assist it directly in many important ways. For example, in the import field, it will aid Canadian traders in obtaining essential supplies from ex-enemy territories under military occupation. It is impossible now, and may be for some years, to permit private business to be transacted in a normal fashion between ex-enemy nationals and private concerns in other countries, including Canada—this will apply particularly during the process of reorientating the Japanese and German economies toward peaceful occupations. During this period it will be the responsibility of the occupation administrations to control all industry in these countries and foreign commerce will, of necessity, have to be transacted through government agancies. The measuring-rod for the entrance into Canada of supplies from these areas will be the needs of Canadian business, it being borne in mind that exports from such countries must be permitted in order to pay for necessary imports.

The situation regarding goods available for export from ex-enemy countries is still obscure. Some commodities certainly will be available for export from these areas before long. The corporation is at present endeavouring to arrange for representatives abroad through whom specific information will be obtainable in response to enquiries from Canadian businessmen. In the meantime, the corporation will welcome inquiries from those interested, but it must be emphasized that it may be difficult for some time to obtain precise information.

As far as these ex-enemy areas are concerned, the function of the corporation would be to assist the Canadian importer by acting as an intermediary, having a position of prestige recognizable by the export licensing and foreign exchange government organizations of the foreign governments or military occupation administrations concerned. The corporation would be expected to certify that the goods would be permitted entry into Canada and that the necessary foreign exchange will be provided in payment. It would thus enable a private shipper in the other country to obtain an export licence. The terms of the transactions, for example arrangements as to shipment, insurance coverage, and the purchase from the foreign exchange control board of the foreign exchange involved

would all rest in private hands to the fullest extent permitted by the exigencies of international trade.

The corporation in all instances, except when purchasing on government account, will require suitable coverage in the appropriate foreign exchange, in the form of guarantees on acceptance of the order, and actual exchange on acceptance at seaboard in the countries of origin.

The Canadian Commercial Corporation also will provide a means which, if desirable, can be used, in the future, for purchasing commodities under international allocation or foreign government control such as sugar, tea, oils and fats which may, owing to the shortages which now exist, continue under such governmental regulation for some time to come. Although the corporation thus provides machinery capable of assuming responsibility for the bulk purchasing now carried out by the Commodity Prices Stabilization Corporation, it is not proposed that it shall do so, so long as profit control and subsidies remain in effect.

In its capacity of purchasing agent, the Canadian Commercial Corporation will award contracts on the basis of competitive sealed tenders in all cases where it is practicable to do so—having regard, of course, to the utilization of surplus stocks owned by the crown. Save where the goods to be exported are in free supply, a clearance is obtained from the export permit branch of my department, before purchase action is initiated, so that there is no danger of the domestic market being stripped of essential supplies by the export purchasing of the Canadian Commercial Corporation.

The Canadian Commercial Corporation will make a small charge for its services for the purpose only of covering the cost of its administration expenses.

Despite the fact that there is no compulsion on any of the agencies representing other governments to avail themselves of the purchasing machinery of the corporation, the extensive use made of its facilities and those of its predecessor, the Canadian export board, indicates clearly the appreciation of such governments of the manner in which the work has been carried out and the ready access to the Canadian market thus afforded them.

I have spoken at this length to give the house as full a statement as possible of the purposes which the Canadian Commercial Corporation was incorporated to serve and the principles under which it will operate. There is, however, one point I cannot stress too strongly; that is, that the policy of government by which the Canadian Commercial Corporation will be guided is that it shall, at all times, seek to provide supplementary services necessary to assist Canadian traders to obtain access to world markets. I do not propose that it shall occupy, or in any way trespass upon, the field normally reserved for private business. I would like to make that assurance as clear and emphatic as possible. I believe that this corporation will play a role of growing magnitude in assisting the vigorous expansion of Canadian trade which, during the years immediately ahead, will be of such vital importance to us all. That is why I respectfully commend this Bill to the favourable consideration of the house. It is not practicable at this time to anticipate just what calls for assistance may be made upon the corporation by private business from time to time, as, for instance, in the case of state trading by other nations, and it is felt that it would be unwise to delimit its purposes and usefulness by a too precise detailing of its activities. These functions inevitably will be influenced by practical experience, the acknowledged needs of Canadian business, and the changes occurring so swiftly in the pattern of world trade in these difficult days, but the welcome already extended to the Canadian Commercial Corporation by the Canadian business community provides ample proof that this new agency is destined to make a most constructive contribution to the restoration, development and enlargement of our trade.

Mr. H. R. JACKMAN (Rosedale): Mr. Speaker, the remarks of the minister on the resolution concerning the Canadian Commercial Corporation have been interesting, and I am sure the house took it as a matter of some importance that already this organization had purchased some $404,000,000 worth of goods, probably mainly for other countries the minister did not name and for UNRRA.

Mr. MacKINNON: That was the predecessor of this organization.

Mr. JACKMAN: That is right. As I understand it, this bill is to incorporate by statute the Canadian Commercial Corporation which was set up under P.C. 1218, dated March 29, 1946. The minister did remark, however, that he expected this agency would have a continuing basis. While Canadian businessmen may have found it of some use during the transition period following the close of the war, I wonder whether or not it really has a function in our economy as a permanent fixture. I say that because Canadian business does not want to see our government engage

in state trading. While Canadian business is willing to accept what help the government should provide in the way of information, consular service and so on, I believe its opinion is that the actual trading, the buying and selling, should be left to the businessmen themselves.

May I just say that one approaches this resolution without as much knowledge of the background as one might wish, with the exception of that which the minister was good enough to give us this evening. It is not often that a government department will get requests from this side of the house for more publicity, but I think it was news to most of us on this side that this agency had purchased $404,000,000 worth of commodities for the account of others. That is an item of some importance, and if we knew about these matters as we went along we would be able to grasp more fully exactly what this resolution envisages.

I was glad to hear the minister say that it was not the intention of this corporation to encroach upon private business, but merely to be helpful. May I point out, however, that in the order in council are certain provisions which, I take it, will be incorporated in the bill when it comes down, pretty much in their present form, and those provisions are extraordinarily broad in their wording. For instance, the corporation may carry on the business of—

(a) importing goods and commodities into Canada,

(b) exporting goods and commodities from Canada, and

(c) storing and processing goods and commodities, either as principal or as agent, in such manner and to such extent as it deems advisable to achieve the said purposes.

It will depend a great deal upon who is running the corporation as to whether or not there will be conflict and interference with those endeavouring to carry on private businesses. The powers contained in the order in council, which, I suggest, will be incorporated pretty much word for word in the bill, are great, and perhaps the minister ought to consider limiting those powers if that can be done without too severely hampering the purposes of the corporation. Certainly in the hands of some we can see that these powers are so broad that they could deal a deathblow to free enterprise.

As I said, we have not had much information about this corporation heretofore. Perhaps we do not fully appreciate all the purposes it serves, and it is a little too much to expect that even after the remarks of the minister we can understand exactly what it means. But if there is an economic need to be filled by this corporation; if the providing of it is not a matter of charity on the part of the government; if it is economically sound and not likely to involve the country in loss, then I do not see why those who are engaged in exporting and importing, even though they be foreign governments or foreign agencies, cannot provide the necessary machinery themselves instead of relying upon the government to do so. If there is a particular reason why Canadians—and I refer to businessmen particularly—are not as adventurous in the export field as one might expect them to be, it cannot be that they are short of capital. As everyone knows, our savings deposits are to-day greater than ever before. More capital is awaiting investment, and much of it is willing to adventure; but I suggest that if this money is not adventuring in the foreign field to develop some of these markets the minister has in mind, it is because the tax rate on businessmen is such that there is very little advantage to them in venturing their money where there is a substantial degree of speculation and risk. May I just quote from the Ottawa *Journal* of this evening a statement by Mr. Gordon Cockshutt, president of the Canadian chamber of commerce, who said:

> This year's budget ignored the relief Canadians had a right to expect and which was promised in the previous budget address. There is no tax relief announced for the current year and only niggardly gestures for 1947 . . .
>
> Instead of offering hope and encouragement to individuals and business to stimulate production, the reverse is the case. We cannot emphasize too much that maximum production alone can provide the goods for consumers at home and abroad and, equally important, that maximum production is the most effective anti-inflationary measure.

I merely quote that statement to indicate how the taxation laws of this country are interfering with all business, and the export business in particular. If companies wish to engage in the export business I believe there is a real need for the grouping of potential exporters into little organizations so that they can afford to send a man abroad to take orders and investigate markets for their particular products. But if they do engage in the hazardous occupation of endeavouring to sell in foreign markets and thus provide work for our own workmen, they will find that their little corporation is taxed thirty per cent on any earnings it may have, with the possibility of a provincial tax being levied in addition. If they are a new corporation they probably will have a fixed rate of earnings under the excess profits tax, and any earnings above the fixed rate, which would be only perhaps five, six or seven per cent, which is a niggardly return when one risks one's

capital and may easily lose it in a foreign country, would be subject to the excess profits tax. One has to have a higher premium than that in order to break even, because of the large number of failures. So that if the small corporation does succeed in making something, it is first of all subject to a thirty per cent plus tax, and those individuals who would risk their money—and I hope they would not be widows and orphans, because theirs is not the type of money which should go into adventurous enterprises connected with the development of foreign trade—those businessmen who have incomes of $10,000 a year or more are taxed very heavily. If a man has $10,000 a year and he invests his money in this little corporation to develop trade and to fulfil the function which apparently the government is trying to do at the present time for him, he will find that what is left to him after the corporation tax is paid will be taxed in the personal income brackets at not less than forty-six per cent. If he happens to be a man with $13,000 a year or over in income, all the earnings he gets out of the corporation by way of dividends will be taxed fifty per cent. If he happens to be a man who can really afford to go into this type of development in Central America or South America or the orient, where the risk is very high, and where one finds not only business risks but also political risks, and if he is a man with an income of $100,000 he will find that all the money he gets as income from the corporation is taxed by the government at the rate of seventy-five per cent.

Mr. NICHOLSON: How much does that leave him?

Mr. JACKMAN: If he has made $10,000 from the corporation, in addition to his ordinary income, $3,000 of it would be taxed away in the corporation itself, which leaves $7,000. And seventy-five per cent of the $7,000, which would be three-quarters of it, would be taken away, with the result that he would get about $2,000, after risking his capital in the company. Therefore, so far as the government is concerned, it is a case of heads we win, tails you lose, because, if he loses, 100 per cent of his money is gone and he gets no reimbursement for it.

If we wish to stimulate activity and adventure we must offer commensurate returns. My suggestion is that, so far as our export market is concerned, the tax rate in this country does a great deal to prohibit, if indeed it does not completely prohibit those who would venture their money in foreign fields in order to expand markets for Canadian products and give work to Canadians.

So I suggest to the minister it might very well be that if he finds his department has to go into certain fields which ordinarily would be taken care of by businessmen themselves, it is not because those men lack adventure or lack capital, but because, if they are successful, they get little or no returns for their effort, owing to our tax laws. If they are not successful they have to bear the full brunt themselves.

Mr. ANGUS MacINNIS (Vancouver East): Mr. Speaker, I was not in the chamber during the whole of the minister's statement, but from reading the resolution I see no reason why we should not welcome a bill such as is proposed at this time.

The speech made by the hon. member for Rosedale (Mr. Jackman) reminded me of some adventure books I read about thirty-five or forty years ago.

An hon. MEMBER: "Good Manners"?

Mr. MacINNIS: One of them, I remember quite vividly, was entitled "Under Drake's Flag". Evidently the hon. member is living in those days.

Mr. JACKMAN: Those good old days.

Mr. MacINNIS: Yes, good old days—although I do not think most people would want to go back to them. They were good old days, in those days; but I believe, if we use our intelligence, sufficient things have happened since the time of Queen Elizabeth to enable us to have a much better life than the people of those days ever thought about. As a matter of fact, I think we are having a much better life. There is, for one thing, a great deal more humanity in the world to-day.

But, may I ask, why in the world should the people of Canada have to depend upon a group of individuals, who have got control of a little money, to develop trade between Canada and other countries?

Mr. JACKMAN: Because they can do it so much better.

Mr. MacINNIS: It does not appear that they can. As a matter of fact, there was no such measure as that now proposed by the minister on the statute books of Canada prior to 1930. What happened to Canada's trade at that time?

Mr. JACKMAN: Political interference.

Mr. MacINNIS: Political interference? It was not political interference at all. It was the failure of private business to venture capital. They had ventured so much that

they did not know what to do about it. They could not venture any more under the system of scarcity which is essential to private capital.

Mr. JACKMAN: They had ventured too much.

Mr. MacINNIS: The hon. member for Rosedale remarked that Canadian business does not want the government to engage in trade. But fortunately the government is not just representing Canadian business. The number of businessmen who have put this government into office, or, for that matter, any other government which might hold office here, are infinitesimal as compared with the population of Canada. Surely the rest of Canada should receive some consideration.

Mr. JACKMAN: I was speaking for all of them.

Mr. MacINNIS: My hon. friend failed to speak for all when he spoke. But he did speak definitely for Canadian business. He told us what Canadian business did not want and what it did want.

I am satisfied that whether we in this house like it or not, we have entered into a period of bulk buying and bulk selling. I quite understand that this bill is not intended for that purpose. Nevertheless it is a step in that direction, and one which is made necessary by developing conditions. I am willing to take one step at a time, provided that those steps are taken soon and often enough.

This party welcomes the measure, and that is all we shall say until we have an opportunity of studying the bill.

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

Mr. GREEN: After the enthusiastic remarks of the hon. member for Vancouver East, I suggest that the government should give careful consideration to the bill. When there is such enthusiastic support of a measure which appears to be moving toward socialism it is time that ordinary Liberals, or those members who call themselves Liberals, should look under the bed to see just what the measure contains.

Mr. CRUICKSHANK: We might find a Tory under there.

Mr. GREEN: Is this corporation intended to be a permanent agency of the government, or is it only temporary and intended to operate during the transitional period from war to peace? I gathered from the minister's statement that the government intends to have the corporation carry on permanently.

That is directly contrary to the intention shown by the order in council. I would refer hon. members to the preamble of the order in council which reads:

> Whereas the Minister of Trade and Commerce reports that by reason of the continued existence of the national emergency arising out of the war against Germany and Japan, it is advisable for the purpose of facilitating the readjustment of industry and commerce to the requirements of the community in time of peace that the order hereinafter set forth be made.

That preamble clearly shows that when the order in council was drawn the intention was that this corporation would be of a temporary nature. Paragraph 4 of the order sets out:

> The corporation is established for the following purposes:
> (a) to assist transition in the development of trade between Canada and other nations during the period of transition to normal from the exceptional trading conditions existing during the war, and
> (b) to assist during the aforesaid period His Majesty's Canadian subjects—
> (i) to obtain goods or commodities from outside Canada, and
> (ii) to dispose of goods and commodities that are available for export from Canada.

I think there are one or two other references in the order in council which would lead one to believe that the corporation is to be just of a temporary nature.

Mr. MacKINNON: That is correct.

Mr. GREEN: What is the intention of the government with regard to the permanency of this corporation?

Mr. MacKINNON: The bill is intended to take care of the needs of Canadian business during the transitional period and only as long as it is required by Canadian business.

Mr. GREEN: Can the minister give us an estimate of the length of time the corporation will be required? The government must have given consideration to this factor and it would be helpful if we knew.

Mr. MacKINNON: From appearances at the present time we expect it will be a short period.

Mr. GREEN: Two or three years?

Mr. MacKINNON: Two or three years.

Mr. GREEN: Can the minister explain why this work could not be carried on by the Canadian export board? Apparently that board operated effectively during the war in purchasing non-war goods for export, and it does seem questionable that a corporation should be set up. There is a further feature. The Canadian export board was directly under the department and therefore more closely under the control of parliament. I may be wrong,

but I think that was the picture. Now a corporation is to be set up which will be practically out of the control of parliament. According to the order in council setting up the corporation, no provision is made for a report to be filed in parliament. In effect, there will be no control over the corporation. Why is it necessary to set up a corporation to take over the business of the board, particularly when it is to continue for only two or three years?

Mr. MacKINNON: There are a number of reasons why it was necessary to have the powers that will be asked for in the bill to carry on the work formerly carried on by the Canadian export board. I would much prefer to go into the details of these matters when we are in committee and my officials are before me. I should like to comment upon the suggestion by the hon. member for Vancouver South that this corporation will not be as close to the department as was the Canadian export board.

Mr. GREEN: Not as close to parliament.

Mr. MacKINNON: Not as close to the department and to parliament. I think, through the department, it will be just as close to parliament as was the Canadian export board.

Mr. GREEN: How much will the activities of this corporation cost the country? Can the minister give the approximate number of employees who will be working for this crown company and state whether they will be subject to the Civil Service Act? I notice that the order in council setting up the corporation provides, just as have other measures setting up crown companies, that employees may be hired quite apart from the civil service commission. In other words, this appears to be another example of setting up a super civil service.

Mr. MacKINNON: It is impossible at this time to give details of the cost of the operations of this corporation. It is taking over the Canadian export board which now employs approximately 120 individuals. We have also secured the services of four of special experience. One or two of these have been with the Department of Munitions and Supply, at present the Department of Reconstruction and Supply, while the chief official has been secured on loan from the Canadian National Railways.

Mr. GREEN: At what salary?

Mr. MacKINNON: I am not sure at the moment what the salary is, but I can get that information. In answer to the second question I may say that the individuals at present employed by the Canadian export board, whether temporaries or on loan from other departments, are being retained. The salaries of the extra officials to whom I have referred will be along the lines of civil service salaries.

Mr. GREEN: What are the salaries of the executive officers?

Mr. MacKINNON: Surely that is information I could give while the officials are in front of me.

Mr. GREEN: The minister says he can give only an idea of the cost. Surely there will have to be a vote to cover the cost of this corporation and careful consideration must have been given to what the cost will be. For example, the order in council provides for a capital of $10,000,000. Have we already paid out that $10,000,000? What additional sum will be required during the fiscal year?

Mr. MacKINNON: Surely my answer that I could not give the exact figures as to the cost of this organization was a proper one. It is a large organization, comprising 120 or 125 employees. It is impossible to state what the cost would be for a year, but I could give the figures as they exist to-day. It is an organization that will expand or possibly contract according to the needs of Canadian business and the demands made upon the services of the corporation.

Mr. GREEN: Is the minister not asking for a vote to cover the expenses of the corporation during the fiscal year?

Mr. MacKINNON: Yes.

Mr. GREEN: Can the minister tell us to-night how much he is asking for that purpose?

Mr. MacKINNON: No.

Mr. THATCHER: What can this corporation do which the trade commissioners cannot do? If the corporation is set up, will our trade commissioners come under it?

Mr. MacKINNON: No; this is a corporation entirely outside of the trade commissioners.

Mr. THATCHER: Will there not be duplication there?

Mr. MacKINNON: No. The work of the corporation will not cause any duplication.

Mr. JACKMAN: Will the minister explain to the committee, although he may feel that he has explained it already in presenting the resolution when he said that the corporation had purchased on behalf of foreign governments and others goods to the value of $404,-

000,000, what there is that the corporation can do in the months to come that cannot be done by businessmen for themselves if they are willing to do it? Why do we need the interposition of this government agency to do something in connection with business? Is there something so peculiar about these arrangements that we must set up an organization with 120 employees, taking them out of production and putting them on the backs of the taxpayers, so that we can never get any incentive restored to business itself?

May I say in regard to the second part of the resolution, which says that this corporation is to create export markets for Canadian products, that surely that has been the purpose of the Department of Trade and Commerce for many years, practically ever since it has existed. Is this corporation now to take over that function?

Mr. MacKINNON: I do not remember making any such statement.

Mr. JACKMAN: The two copies of the order in council were sent up to the debates office and are not available to us, but it consisted of two sections, and the purpose was (a) to find goods for import into Canada and (b) to find outlets for Canadian goods. I think I am correct in that statement. I should like to know whether or not this corporation is to find markets for Canadian goods or find out what there is to know about such markets. Take, for example, the bacon market in Great Britain. Is that to be the function of this corporation? I do not understand the real need for this corporation apart from the fact that it is handling business for UNRRA and foreign governments. What is it going to do that business cannot do for itself? I do not think I can put it any more clearly than that. I do not know whether the minister can give me a clearer statement of exactly what it is going to do that Canadian business cannot do for itself. For the benefit of my hon. friend the member for Vancouver East, when I say Canadian business I mean the whole Canadian people, but it is the businessmen who must take the responsibility and leadership in these matters. I do not see what this corporation can do that businessmen cannot do for themselves if given a fair break.

Mr. MacINNIS: Mr. Chairman, this resolution—

Mr. JACKMAN: Just a moment. I was waiting for an answer from the minister. I do not want to go back to the days of Drake, but even in those days we had those who would scuttle the ship.

[Mr. Jackman.]

Mr. MacKINNON: This corporation is not set up to find markets for our goods. It is set up to make purchases in Canada for foreign demands. It provides machinery not now available to private trade.

Mr. JACKMAN: Is the minister speaking of exports or imports?

Mr. MacKINNON: I am speaking of exports.

Mr. MacINNIS: This resolution has been on the order paper since May 28, and I imagine that since that time business firms and business organizations such as chambers of commerce and boards of trade have had an opportunity to see it and study its implications. I would ask the minister how many protests against this measure he has received from business organizations.

Mr. MacKINNON: No protests, no adverse criticism, no objections whatsoever; nothing but commendation, and a great deal of commendation, from business generally.

Mr. GREEN: Of course nobody knew anything about the bill until to-night.

Mr. MacINNIS: The resolution has been on the order paper since May 28, and its purpose is clearly outlined by its language. Businessmen would realize its implications just as quickly as we would, and would be in just as good a position to judge of the value of the measure as we are. So I would suggest that there is really something wrong here to-night; either businessmen do not know their own business, or they are not properly represented in this house.

Mr. ARCHIBALD: I think this resolution has been brought about, not so much from the desires of the government, as from necessity, because of the trend there is in the world to-day. I have a clipping here from the Montreal *Standard* of June 22, giving an interview with Robert W. Keyserlingk, managing director of the British United Press. He points out:

> Canada, hoping for trade in post-war Europe, is confronted by the fact that in order for them to buy from us we must first lend them the money.
>
> She is confronted, too, with the ceaseless and boundaryless conflict between individualism and collectivism. For collectivism has already gone further in fact in Europe than it has even in theory over here.

The point is this. Over in Europe, in the major trade centres of the world, our government is entering into business direct with other governments, buying and selling, because that business cannot be handled by individual businessmen. They can work only in

and through this corporation. The nations of Europe are demanding long-term loans and trade and commerce; and only governments, not private individuals, can carry on trade with them. If, as suggested by members of the Progressive Conservative party here tonight, the government did not bring in such a bill as this, it would mean that we would be isolated from the major trade routes of the world. It is not a question of what you want or do not want. It is a question of what you have to do when you are facing a given condition. It would be nonsensical not to put through such a bill as this, and the government has come to that conclusion through being faced with hard facts. More and more this government will have to enter into this form of enterprise, whether they like it or not. Some of the ministers have stated that they are going to solve our problems through good old Manchester Liberalism. But here is proof that this government is entering into trade relations with other governments.

Mr. JACKMAN: In answer to one or two suggestions made by the hon. member for Vancouver East, I am sure that the help the government is getting from the left wing must be valuable. The hon. member who last spoke said that this is a clear example of the manner in which our government is being forced into the position of trading with other governments. Certainly that is not what we believe, and what I think the majority of Canadians believe, is the best thing for Canadian prosperity and our standard of living. The hon. member for Vancouver East did have a word or two to say on the question whether or not business in Canada liked this measure. May I say to the minister that those of us in the official opposition who may appear to be critical of the measure are not necessarily against it; but even if certain organizations may or not have put their imprimatur on it that is no reason why we should not carefully examine the legislation instead of passing it without looking into it, as our friends of the C.C.F. would do. There is a strong tinge of socialism in it and that is to them proof of its goodness. I suggest to the minister that, while we may seem unduly critical at times, so far as this measure is concerned, all we wish is to understand it and to make sure that it is in the interests of the Canadian people, because we represent all the people in our ridings and not any particular section, as those in some parties may or may not do. We want to know what it is about, and it is a fair question to ask whether the minister intends this measure to have a long life or a short one during the transition period. He has told us that he expects it will expire in the course of two or three years. I hope that is the story that he is telling the able men whom he is getting to administer the legislation, because you cannot pick good men out of the hat, offer them employment for a few years and then drop them unless the department will find a place for them afterwards. That is, I suggest again, another reason that the less government has to do with business, the better it will be all around. Business is a continuing affair; at any rate it strives to be continuing, and you cannot keep the best brains employed and expect them to serve you for a few years if you do not provide some other place for them when you cease to have need of them. The minister has said that the life of this corporation will be, he expects, only two or three years.

Mr. GREEN: The minister spoke of the purchasing of commodities under international control. When he made his statement on April 2 he referred to sugar, tea, oils and fats. Will he tell us how these commodities have been purchased hitherto for Canadians?

Mr. MacKINNON: The commodities mentioned have been purchased by the Canadian export board up to the present time.

Mr. GREEN: For how many years has that been done? Have they been buying all the tea, oils, fats, and sugar?

Mr. MacKINNON: I would not like to give a definite answer to that question at the moment. I think it is only reasonable and fair when a minister is presenting a bill, while he is being questioned on the technical aspects of the legislation, that he should have his officials in front of him. It is only a short time before we shall be going over the whole question again, and I suggest that the questions which are being asked now can best be answered when the officials are here.

Mr. GREEN: The house is in committee now. Ordinarily the minister would have his officials before him at this very time. If they are not here it is not our fault; it is his own fault, and he has no right to suggest that a member of the opposition asking questions should wait until the house is in committee on the bill. When the house is in committee on the bill it will be after the second reading and the principle of the bill will have been approved.

Mr. MacKINNON: Whether correctly or not, I have been informed that the officials are not allowed on the floor of the house until a bill is before the committee after second reading.

Mr. GREEN: That is not right.

Mr. MacKINNON: That is why they are not here.

Mr. GREEN: That, I submit, is not correct. I would ask the opinion of the leader of the house.

Mr. MACKENZIE: The officials may be present at any time the minister desires to have them here.

Mr. MacKINNON: They would have been here if I had understood that.

Mr. GREEN: The minister in his statement dealing with the purchasing of those commodities under international control said something about the Canadian export board importing them. I had understood that the work of the Canadian export board was to purchase goods in Canada and export them. We would like to know whether the work of the board went farther and included the purchase of goods to be imported into Canada and, if so, how far the board went in that direction. We are entitled to know that while we are in committee on the resolution.

Mr. JOHNSTON: As far as I can see, the bill goes beyond the ordinary conception of trading relations. How does this Canadian Commercial Corporation handle the goods it gets from outside countries when it brings them into Canada? What will happen after they get into Canada? I take it that the government would not go into the business of retail selling, but would distribute, for example, to a firm or other distributors. What would be the method of disposing of merchandise once it came into the country?

Mr. MacKINNON: When Canadian firms wish to buy in foreign countries where there is at present no machinery for private trading, this corporation will step in and do that buying.

Mr. JOHNSTON: It will take the orders.

Mr. MacKINNON: Yes, just as agents.

Mr. JOHNSTON: It will purchase the goods and bring them back and turn them over to companies in Canada?

Mr. MacKINNON: That is correct.

Mr. JAENICKE: Will the corporation handle grain and other agricultural products?

Mr. MacKinnon: No, because there are facilities for handling those commodities at the present time.

Mr. BENTLEY: I presume the corporation will act as agent or broker for the federated consumer cooperatives and other organizations of that nature doing business in this country in bringing supplies from overseas, the same as for private business.

Mr. MacKINNON: The corporation will act for anyone in need of the special services which it will provide.

Mr. GREEN: Will the minister answer the question I asked a few minutes ago as to the way in which the Canadian export board has been purchasing and importing commodities under international control such as sugar, tea, oils and fats?

Mr. MacKINNON: I did not give the hon. member for Vancouver South the correct information earlier. I am informed that up to the present time none of these articles has been purchased by the Canadian export board but has been handled by the commodity prices stabilization corporation of the Department of Finance.

Mr. GREEN: Then this importing business is to be transferred from the stabilization board to the new corporation. Is that the plan?

Mr. MacKINNON: Eventually that may happen. This corporation is not taking over the commodity prices stabilization board, but is actually performing certain operations which are not being dealt with by the stabilization board. I am informed that this corporation is not going to become involved in subsidies in any way. The purchases which are being made by the commodity prices stabilization board have to do with subsidies.

Mr. GREEN: Then the commodity prices stabilization board will continue to import sugar, tea, oils and fats. These commodities will not be imported by the new corporation.

Mr. MacKINNON: Not at present.

Resolution reported, read the second time and concurred in. Mr. MacKinnon thereupon moved for leave to introduce bill No. 251, to establish the Canadian Commercial Corporation.

Motion agreed to and bill read the first time.

SUPPLY

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

DEPARTMENT OF JUSTICE

Demobilization and reconversion—

510. To provide for expenses in connection with prize courts, $10,000.

Mr. MacNICOL: Have the prize courts been performing any functions during the year 1945-46?

Mr. ST. LAURENT: No. The expenditure to December 31, 1945, was $2,764.18, and there were accounts which had not then been received, for work previously done.

Mr. JACKMAN: Are these prize courts and the matters with which they concern themselves not somewhat of a relic of the Elizabethan days, and not having much to do with modern progress? I am just wondering whether or not the whole thing is necessary, although it is not that aspect of it to which I wish to direct the minister's attention; but inasmuch as the costs of the court have to be paid by someone, is it not reasonable to make the recommendation that the prize money itself should bear the burden of the legal administration of the court?

Mr. ST. LAURENT: If there were prize money which was coming to the government it would go into the consolidated revenue fund and would not be available for expenditure. The principle of responsible government, as I understand it, is that expenditures, even though they be made for the purpose of creating revenue, have to be voted by parliament; that all the receipts go into the one fund, and whatever is required as expenditure has to be voted by parliament out of that fund.

Mr. JACKMAN: I am glad to accept the minister's explanation of it; but may I at the same time direct his attention to the fact that that principle has been grossly violated in a number of the government operated companies now set up under the Department of Reconstruction?

Mr. ST. LAURENT: At the present time the committee is not considering the financing of crown companies, but the items the Department of Justice requests to have voted under the old system.

Item agreed to.

ROYAL CANADIAN MOUNTED POLICE

348. General administration, $266,379.

Mr. STEWART (Winnipeg North): Some time ago I tried to have the following question placed on the order paper:

> Do the Royal Canadian Mounted Police have files containing information concerning Canadian citizens; and if so, what members of parliament are covered by such dossiers?

The question was rejected on grounds which I believe were adequate, and I have no complaint at all about the rejection. Nevertheless I said then that I would raise this matter when these estimates came up. One of the most vicious practices in Europe before the war, and many years before the war, was the collection and maintenance of dossiers on private individuals. They were used in a sinister manner; they were used to spy on individuals and to collect—

Mr. SKEY: The hon. member's party lost on that in Ontario; why bother with it now?

Mr. STEWART (Winnipeg North): The hon. member's party won. The dossiers were kept and were exposed. Do not say you lost.

Mr. SKEY: The hon. member's party did.

Mr. STEWART (Winnipeg North): They were used not only in Europe but in some parts of Ontario in a sinister manner to spy on individuals. I do not for a moment deny that the Royal Canadian Mounted Police have the right to investigate Canadian citizens whom they may suspect of crminal intent or criminal practices, but I do not believe the mounted police have any right whatsoever to retain such a file on an individual once its purpose has been served. I call to the attention of the minister a section of a proposed charter which was drawn up by a group of private citizens in the United Kingdom before the war. The chairman of this group was Lord Sankey, who was lord chancellor from 1929 to 1935. The section I wish to quote reads as follows:

> All administrative registration and records about a man shall be open to his personal and private inspection. There shall be no secret dossiers in any administrative department. All dossiers shall be accessible to the man concerned and subject to correction and verification at his challenge. A dossier is merely a memorandum; it cannot be used as evidence without proper confirmation in open court.

As I said before, I believe that on occasion dossiers are necessary, but I do not think they should be maintained perpetually, containing information about citizens in this country. I should now like to ask the Minister of Justice the question I attempted to place on the order paper. Do the Royal Canadian Mounted Police have files containing information concerning Canadian citizens? That is the first question I wish to ask.

Mr. ST. LAURENT: Yes; they have files containing reports of investigations made whenever it appeared in the interests of the public that such investigations should be conducted. The hon. member also asks if there are any dossiers on members of parliament. There are no dossiers on members of parliament as such. There was a dossier that consisted of reports of investigations concerning a man who is now a member of parliament, but investigations that were made at a time when he was not a member of parliament but was a fugitive, during the period of a couple

of years while he was looked for by the mounted police to execute an order for his detention that had been made prior to December, 1941, when I became minister.

Mr. STEWART (Winnipeg North): Might I ask if there are dossiers on members of parliament as individuals, whether there are dossiers on present members before they became such?

Mr. CRUICKSHANK: Getting nervous?

Mr. STEWART (Winnipeg North): Not a bit.

Mr. ST. LAURENT: No. I have here a report that the sole exception with respect to members of parliament at the present time is this dossier which had been compiled before the person became a member of parliament, concerning the activities of the hon. member for Cartier while he was being looked for under this order for detention that had been made.

Mr. STEWART (Winnipeg North): Can the right hon. gentleman tell me if dossiers are prepared on immigrants coming to this country, and, if so, what is the final disposition of such dossiers after the applicants have been granted citizenship?

Mr. ST. LAURENT: I cannot tell the hon. member that dossiers are prepared on immigrants to this country; I am quite sure that is not done as a general practice. There may be cases particularly pointed out to the Royal Canadian Mounted Police, and requests may be made to them to report upon certain individuals; but it is not the practice to investigate all those who migrate to this country.

Mr. PROBE: Because my constituency is Regina City, which at present is one of the headquarters of the mounted police; because I have been a citizen of Saskatchewan for quite a number of years, I should like to say a few words about the mounted police. I remember them with considerable affection as individuals who used to patrol the plains when we homesteaded. We looked forward to the visit of the redcoat, riding his lovely horse, who would spend the night with us discussing matters of local interest. Those of us who are native to the prairies have a feeling of admiration and friendship for the rank and file of the mounted police. At the present time, as I understand it, by agreement they are officially charged with the maintenance of law and order in six provinces, excluding Quebec, Ontario and British Columbia. Their duties have increased to a tremendous extent. They are technical experts in many fields going far beyond the mere maintenance of law and order. In my humble opinion, however, the men in the service are not receiving from the national exchequer the consideration to which the nature of their duties entitles them. I am referring now especially to the non-commissioned officers and constables.

Quite a number of what I consider to be definitely anti-social regulations still apply to members of the mounted police. The seven-year marriage clause is, I think, an anti-social regulation, and I suggest to the minister that it is time we got away from the restriction on this splendid body of men which compels them to remain celibate and potential prey of people who become enamoured of the uniform, while they must live in a manner which I consider not entirely normal. I have in mind a constable who is a personal friend who left the force to enter His Majesty's service. As the minister is aware, limited permission was given members of the R.C.M.P. to enlist when the war began; but in order to maintain their full civilian rights, as I remember it they had to enlist in No. 1 provost company. That was all very well; but the members of the force who enlisted in other organizations, who occupied responsible positions during the war, who received both promotion and high honour, many of whom were decorated, should not, as a result, be penalized by our government in a way they would not permit civilian employers to treat returned men coming back to civil employment. Under the regulations, when a man returns to his pre-war employment he must be given the regular promotions he would have received had he remained at that work during the war. That is not the case in connection with the non-commissioned members of the mounted police, and I think they are being done an injustice in that regard. In the case of the individual I have in mind, the young constable who was decorated for gallantry while in the air force, during the interval that he was absent from the mounted police he got married. When he returned to this country and resumed his status as a constable in the mounted police he was penalized to the extent that he is still on a single constable's pay. I believe the pay for a first-class constable is not to exceed $2.75 a day. That, of course, is a ridiculous rate of pay for a man who is on call twenty-four hours a day and every day of the week.

Mr. ST. LAURENT: The hon. member is aware, is he not, that for the last three years that has been increased by 75 cents.

Mr. PROBE: I understood that there were certain supplements. However, the nature of those supplements does not appear in Commissioner Wood's report. The rate of pay for this specialized branch of our constabulary,

our protective force in Canada, should be considerably increased for the men at the lower end of the scale.

There is another matter which concerns the personal comfort of the members of the Royal Canadian Mounted Police when on duty. I refer to those men who are on show in front of our buildings, who add dignity and, shall I say, some interest to the tourist trade. I think that is a fair description of their role out there. They stand in front of these buildings in the sweltering heat, clad in full regalia, with high boots. These men are splendidly equipped, but it seems to me that they are not comfortably dressed for their job. I suggest that the minister should take up with Commissioner Wood the matter of issuing to those men some form of sensible summer garb to be worn during the time when they are employed in positions where they cannot get under a tree and enjoy a cool breeze for a few moments, and also change regulations to permit them to remove their tunics.

There is another matter which looks like discrimination against non-commissioned officers in the Royal Canadian Mounted Police, and to which I would direct the minister's attention. It may be that he will make a statement on the point, because I notice that in his annual report Commissioner Wood has drawn attention to it. Commissioned officers in the Royal Canadian Mounted Police are in receipt of pension rights for their wives to which the commissioned officers contribute nothing. That grant to the widows, by virtue of the fact that the commissioned personnel do not pay into the fund, is not on an actuarial basis. The widows are entitled to one-half of the pension allowance of the husband before his decease.

What is the position in respect of the non-commissioned officers and men? The men receive pensions, without contributions having been made. But to assure the payment of pensions to their wives, in the event of marriage, since 1934 it has been compulsory for non-commissioned officers and constables to pay into a fund which is kept actuarially sound. This is where the discrimination arises, when we compare that fund with pensions payable to judges' wives, and the like. Those non-commissioned officers and constables must pay into the widows' pension fund five per cent of their salaries. On their decease an actuarial calculation is made, and a petty pension is granted to their widows.

This savours of class distinction which is not in the best interests of the members of the force. To my personal knowledge their esprit de corps has always been excellent. I believe that in general they command the respect of all Canadians, because of the manner in which they conduct their police duties. I regret that instances have arisen carrying the suggestion that there has been a policy under which they should spy on individuals across Canada. I assume that they do carry on a form of investigation, and I should hope that that practice would not be continued.

Would the minister give us some assurance respecting the marriage privileges of single constables? Will he, too, give some suggestion as to what relief may be expected in connection with the widows' fund for non-commissioned officers and men, and respecting a general increase in pay for those at the lower end of the scale? Then, too, he might discuss some remedy for the condition of the men who stand out here on parade each day in their regular garb.

Mr. DIEFENBAKER: The Royal Canadian Mounted Police require no commendation, because all of us realize that their achievements and the heritage that is theirs are unequalled anywhere in the world. My experience with the Royal Canadian Mounted Police extends over many years. I can remember some of the old-timers who served with the original force.

With much of what my hon. friend has said I am in agreement, but I must say that after an extensive practice in the courts, running over a period of twenty-five years, I have yet to see a member of the Royal Canadian Mounted Police who has been engaged in anything bordering on spying. Their actions and activities, in all my experience, have always been consonant with the highest traditions of the force to which they belong. While there have been suggestions to the contrary—and suggestions are easily made when proof is not required—I say the mounted police, as a whole, have performed a work which needs no commendation either in the house or out of it, a work that has resulted in the building up of our western country, and making it a law-abiding land, unequalled anywhere.

I join with the hon. member in his reference to the marriage provision, a matter which has been discussed before. I am familiar with the reasons given by the commissioner and the minister for not allowing constables to marry at an earlier age. But I believe to-day that, when it is so necessary to have efficient men in the mounted police, nothing should be permitted to exist which in any way would cause deterioration in the force.

In addition to what the hon. member has said, I would refer to the difficulty experienced by young constables with nine or ten years experience receiving promotion. To-day those promotions are too slow. Many able

young men who are fully qualified for police work would be only too willing to join the force, were it not for the fact that, having regard to the small numbers in the force, it is impossible for them to be assured of early promotion.

There is one other matter to which I would refer, before I direct my remarks to the matter which caused me to rise at this time. I have in mind those young men who served overseas, who left the mounted police in order to perform that service. To-day, when they rejoin they are denied the privilege of wearing their stars of service. I think a change should be made in that regard so that their broken service should not deny them the privilege and honour of showing the years of service they have given.

This gives me an opportunity to ask the minister for information in connection with the coupon racket revealed by the issue of a press release on June 25 in connection with La Banque Provinciale du Canada. When this matter was brought to the attention of the house on June 26 we were told that an opportunity would be given on these estimates to ascertain the situation. I do not want to go into anything that would prejudice the trial of those who have been charged, but there is one thing in connection with which the committee should be given information.

In the release to the press it was stated that the bank had been warned on several occasions about the manner in which it was handling coupons and that it had failed to carry out instructions as to changed procedure that were given. The other evening the parliamentary assistant to the Minister of Finance stated that certain clerks in the employ of the bank had been arrested. I do not believe it is fair that proceedings should be taken against clerks who have given good service in all banks during the period of the war. If the head office or the officials of the bank received instructions from the wartime prices and trade board regarding illicit dealing in coupons, the committee and the country should be given some information as to what instructions were given, to whom they were given, when they were given and the extent to which the officials of the bank, not minor clerks, are responsible for what actually took place.

When the minister is explaining this, perhaps he would be willing to enlarge upon what is set out in the commissioner's report with reference to illicit coupons and the extent to which trading in illicit coupons has been carried on. I refer particularly to page 29 of the report for the year ended March 31, 1945, where the following statement is made in connection with sugar coupons:

> . . . the rationing of sugar has resulted in the appearance of a certain quantity of counterfeit sugar coupons. Shortly after the new year a "black market" operator in Montreal was found to have dispensed some 40,000 spurious coupons to the trade. It is anticipated, however, that a system of coupon audit centres now being set up by the wartime prices and trade board will result in a marked decline of offences of this type.

Has the hope expressed by the commissioner been justified by subsequent events, and to what extent are these rackets now being controlled by the activity of the mounted police and of the crime detection laboratory at Rockcliffe which was set up for the purpose of preventing a continuation of these rackets?

Mr. RICHARD (Ottawa East): I agree with all that has been said about the quality of the Royal Canadian Mounted Police, but I think something should be done about their comfort. I have in mind the uniform the men on parliament hill are required to wear during these hot summer days. Although they may prove good subjects for photography, I think these men should be permitted to dress according to the weather.

Mr. CRUICKSHANK: I intend to follow the request made this afternoon by the Prime Minister and the leader of the opposition and be brief. I endorse everything said by the hon. member for Lake Centre about the admirable qualities of the mounted police and I wish all hon. members would do the same. These police constitute one of the finest tourist attractions we have in Canada.

Mr. PROBE: Do you want the police to suffer?

Mr. CRUICKSHANK: Anyone who came from your province would suffer.

Mr. PROBE: Some of my people have suffered for a long time.

Mr. CRUICKSHANK: These men have been sent over to London in their uniforms, and they have been sent to Washington, the capital of the great United States, in their uniforms. They are the greatest attraction we have. I appreciate the suffering they may have to undergo because of the weather, but perhaps they could be relieved at shorter intervals. I am strenuously opposed to changing this uniform, the most famous uniform of the Dominion of Canada. Our tourist industry is the one industry which brings in money and which takes away none of our natural resources.

Mr. PROBE: They took the kilts away from our soldiers.

Mr. CRUICKSHANK: Yes, and I am sorry they did not put them on some others. While the kilts may have detracted from the appearance of some because of their natural physical disabilites, they added to the appearance of others.

The mounted police are definitely underpaid for the work they are doing and the responsibilites they must assume. I had the privilege of visiting the headquarters of the F.B.I. in Washington, and I know something of the work they are doing and the class of man and the educational qualifications they require. Those men are paid according to the work they are doing and I think we should pay our mounted police in the same way.

The Minister of Justice should consider the young men who want to take up this work. I understand that they cannot get married until they have attained a certain salary and years of service. Some members of parliament get a certain amount, while others are ministers in the cabinet and receive greater amounts, and yet they are still single. I am not referring to any particular individual. I want to repeat that I do not think the department is doing its duty to these people who provide the best safeguards we have, as was demonstrated not so many months ago right in this parliament and throughout Canada.

Mr. SKEY: I want to endorse what the hon. member for Fraser Valley has just said, not only with reference to shorter tours of duty but with reference to the pay they should receive. I happened to mention to a distinguished and able member of the press gallery that I intended to advocate higher pay for the members of this estimable force and he turned to me with a rather cynical look and said, "You know, that is nothing but an annual parade." With that, my hopes fell. "An annual parade", he said, "that takes place every year at this time." I am a new member, Mr. Chairman; this is my first year in the house and this information made me feel rather sick at heart.

Mr. ST. LAURENT: Would the hon. member allow me to put a little balm on his sick heart by saying that the first-class constable receives $2.75 a day; but also, in addition to that, seventy-five cents for war duties, and $2.25 for living allowance; making in all $5.75 a day for 365 days, which amounts to $2,098.75. I am not boasting about it, but I wish to point out that when his pay is referred to as $2.75 a day a lot is being left out. This is the third year war duties supplements are being paid.

Mr. GRAYDON: It should be made permanent.

Mr. PROBE: What does a single constable get?

Mr. ST. LAURENT: A single constable gets the same pay, $2.75, plus seventy-five cents a day, but his living allowance is $1.50 a day instead of $2.25.

Mr. CRUICKSHANK: What would he get in a shipyard?

Mr. ST. LAURENT: He might get a higher wage in a shipyard, but he would not have the feeling of performing for the country the service that this corps feels that it is performing. There are no men conscripted for this corps. They join it because they wish to serve their country in that capacity, because of the prestige they have in the community and because of the pension provisions, which are such that I have not asked to have them revised. If they were revised, there are certain dispositions in the act which I am afraid I would lose.

Mr. SKEY: I am willing to bow to what the minister says with regard to the rates of pay of the Royal Canadian Mounted Police Force. But I would ask him now if he really does not feel that these men should be put on a permanent and guaranteed basic rate of pay instead of having these unreliable bonuses for war duty, et cetera. I do not think there is a decent man or woman in Canada who is not proud of the Royal Canadian Mounted Police and of the reputation it has won throughout the world. Surely we can guarantee them a decent basic rate of pay, and put them on a permanent basis at reasonable rates.

The minister has mentioned pensions. There is a subject which I believe is very close to the hearts of these men. Take the case of an ordinary constable killed on duty. Even if he dies in the service of his country, his widow, unless he has signed the pension agreement of 1934, I think it was, does not receive any guaranteed pension. Cannot these men be put on the same basis as the armed forces of the country?

Mr. ST. LAURENT: They could, and if it were felt that it would be a good thing that that should be done it would be accepted at once by treasury board. But I have been holding out against it.

Mr. SKEY: Would the minister tell the committee why?

Mr. ST. LAURENT: Because there are provisions in the Royal Canadian Mounted Police pension statute which are more favourable to them on account of the manner in which the force is recruited and the periods for which members serve than would be the terms of the army pension act. If the hon. member will compare the two he will see that the Royal Canadian Mounted Police have special provisions which are not allowed in the superannuation fund or in the army pension act.

Mr. SKEY: As I understand the army pension, a service man is not even guaranteed a pension. I understand now that there are men with seventeen years' service in the R.C.A.F. who are being asked to leave the forces with one month's pay for every year of service and no pension, and that if a man elects or asks for his pension he is only allowed two-thirds of the pension to which he is rightfully entitled. If the minister wants to talk about the army or navy or air force pension—

Mr. ST. LAURENT: No, I do not, and the members of the Royal Canadian Mounted Police do not.

Mr. SKEY: Of course I am open to reason in what I am advocating, but it has been represented to me that the constable in the Royal Canadian Mounted Police is far less well provided for than the army pensioner, in spite of the unfortunate regulations. I do not wish to delay the committee, and I see it is almost eleven o'clock.

I would just say, in conclusion, that as a returned service man I feel that the Royal Canadian Mounted Police should be considered on an absolutely equitable basis with the armed forces of Canada in every respect. They should lose no seniority through any service for their country and lose no pension rights. The man's family should be protected equally with the members of the armed forces because he and his family are a part of our community, and so long as we provide for the Royal Canadian Mounted Police as well as we provide for the men of our armed forces I feel that we shall be doing for these men what the people of Canada would agree is the right thing to do.

Mr. ST. LAURENT: May I be allowed one minute, in fairness to La Banque Provinciale. I shall be glad to show the hon. member for Lake Centre all the reports that I have received in connection with that incident, and then we can proceed further with the discussion. But I wish to say at this time, and I say it after having said to the hon. member for Lake Centre that I am going to show him all the reports I have, that there are no grounds for casting reflections upon the bank itself. There are grounds for casting reflections upon certain individuals in the employ of the bank who did not carry out diligently and correctly the instructions they had received as to how coupons were to be handled. But the situation is not one that reflects upon the bank generally.

[Mr. Skey.]

Mr. DIEFENBAKER: That was an unfortunate press release, then.

Mr. ST. LAURENT: It was unfortunate as to the form in which it was made, and it has already caused some anxiety to the customers of the bank and has caused the displacing of some accounts with the bank. For that reason I thought it was only fair that I should make this general statement this evening, because it may be some time before we come back to the estimates of the department. In the meantime I should be glad to let my hon. friend see all the reports I have on that incident.

Mr. DIEFENBAKER: Would the minister clarify one point. Why in view of these facts were the rights of the bank to continue its coupon procedure cancelled as of July 31?

Mr. ST. LAURENT: There were a few branches with which the wartime prices and trade board had had these difficulties. They could not get these staffs to keep a proper and timely accounting of the coupons, and could not make them realize that it was quite as necessary to keep that accounting up to the minute as it was to keep the dollars and cents accounting of the ordinary banking business up to the minute. The board came to the conclusion that, having made these representations to these branch offices more than once, and inasmuch as they were not having their instructions fully complied with, they would say to the bank that from and after July 31 they would not allow its branches to deal with these coupon accounts. I think the very fact that they made the 31st of July the deadline shows that they wanted it to be a warning to the head office to take the matter seriously, and in the meantime, between the date the statement was issued and July 31, they expected satisfactory assurances might be obtained and the order cancelled. This is not one of the large banks. This bank does about 1·8 per cent of the banking business of the chartered banks of Canada, of which there are only ten. It has a large number of small branches. I have the figures here. It is a bank that is doing a retail banking

business and, though it is one-tenth of the number of banks, it does 1·8 per cent of the business.

Mr. DIEFENBAKER: How many false coupons were found, approximately?

Mr. ST. LAURENT: In connection with this incident, it is not a matter of false coupons; it is a matter of the coupon accounts being overdrawn by the orders made for coupons. That was not a case of forged coupons being used; it was a case of the coupon accounts in certain branches being overdrawn.

Mr. DIEFENBAKER: To what extent, approximately?

Mr. ST. LAURENT: I do not remember exactly what it is, but I will let the hon. member see the full reports I have on the investigation, and he will realize what can be stated publicly about it at the present time without embarrassing the continuation of the investigation. Black market operations have to be checked constantly and those investigations are being continued to ascertain what outsiders were involved. When the hon. member sees the reports he will realize how far we should go in giving out details of what has been uncovered up to the present time.

Item stands.

Progress reported.

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

Monday, July 8, 1946

The house met at three o'clock.

EMERGENCY POWERS

CONTINUATION OF ACT UNTIL DECEMBER 31, 1946, OR SIXTIETH DAY AFTER OPENING OF 1947 SESSION

Right Hon. L. S. ST. LAURENT (Minister of Justice) moved for leave to introduce bill No. 253, to amend the National Emergency Transitional Powers Act, 1945.

Motion agreed to and bill read the first time.

CANADIAN INDEMNITY COMPANY

Mr. RALPH MAYBANK (Winnipeg South Centre) moved the first reading of bill No. 246 (from the senate) respecting the Canadian Indemnity Company.

Motion agreed to and bill read the first time.

CANADIAN FIRE INSURANCE COMPANY

Mr. RALPH MAYBANK (Winnipeg South Centre) moved the first reading of bill No. 247 (from the senate) respecting the Canadian Fire Insurance Company.

Motion agreed to and bill read the first time.

PRESCOTT-OGDENSBURG BRIDGE COMPANY

Mr. D. A. CROLL (Spadina) moved the first reading of bill No. 248 (from the senate) to incorporate Prescott and Ogdensburg Bridge company.

Motion agreed to and bill read the first time.

QUESTIONS

(Questions to be answered orally are indicated by an asterisk).

VETERANS LAND ACT—CHARLESWOOD, MAN.

Mr. ROSS (Souris):

1. How many acres of land were purchased in Charleswood, Manitoba, for small holdings under the Veterans Land Act?
2. From whom was this land purchased and what price per acre was paid for the said land?
3. What distance is this property from Winnipeg city limits?

Mr. MACKENZIE:

1. 212·13.

2 and 3.

Vendor	Distance from Winnipeg city limits
Bleakley, Thos. J.	3·2 miles
Graham, W. H.	2 "
McQuade, Jos.	4·5 "
Harstone Estate	4 "
Murray Estate	4 "
Manitoba Farm Loans Association	4·5 "

It is considered that the public disclosure as to details of prices paid for various lands purchased by the Veterans Land Act would be detrimental to the administration and operation of the act and not in the best interests of the veterans for whom the lands are purchased. This is in accord with statement made to the house on April 17, 1946, page 951 of *Hansard*, and on subsequent occasions.

Note: The answer does not include properties purchased for individuals on direct application.

CORN STARCH AND GLUCOSE—CEILING PRICE

Mr. HATFIELD:

What was the ceiling price on corn starch and glucose made from corn for the years 1942, 43, 44, 45 and 46 to date?

Mr. MAYHEW: From December 1, 1941 to May 20, 1946, the ceiling prices on corn starch and on glucose were their basic period prices (i.e. maximum price established in the four-week period September 15 to October 11, 1941). On May 20, 1946, the rate of subsidy on imported corn was reduced and compensating increases of 1½ cents per pound at the manufacturers' level on both starch and glucose were authorized.

CANNED SALMON

Mr. GIBSON (Comox-Alberni):

1. How many cases, basis 48/1's of Pacific coast canned salmon, by species were produced in 1945?

2. How many cases of such salmon were allocated to the United Kingdom during 1945?

3. What was the price per case of each species?

4. How many calories of food value are there in one pound of each species?

5. How many cases, by species were retained for sale in Canada during 1945?

Mr. BRIDGES:

1.

	Cases 48/1's
Sockeye	329,101½
Springs	12,760
Steelhead	2,011
Blueback	6,660
Coho	212,103
Pinks	825,147
Chums	348,995½
	1,737,578

2. United Kingdom, 1,326,578; British Territories Overseas, 72,000.

3. For establishing prices canned salmon has been grouped as follows:

Group I shall be comprised of sockeye.

Group II shall be comprised of bluebacks, coho, redsprings, steelheads, pinksprings and jacksprings.

Group III shall be comprised of pinks, chums and whitesprings. The following prices apply in Canadian funds per case net, unlabelled f.o.b. Vancouver, North Vancouver, Victoria, New Westminster, Prince Rupert or Skeena river rail terminal points:

Grade A salmon

	Group I
1-lb. tall cans 48 cans to the case...	$17 65
½-lb. flat cans 96 cans to the case...	18 90
¼-lb. flat cans 96 cans to the case...	11 20
	Group II
1-lb. tall cans 48 cans to the case...	12 90
½-lb. flat cans 96 cans to the case...	14 15
¼-lb. flat cans 96 cans to the case...	8 82½
	Group III
1-lb. tall cans 48 cans to the case...	7 65
½-1b. flat cans 96 cans to the case...	8 90
¼-lb. flat cans 96 cans to the case...	5 70

Grade B salmon and grade A tips and tails and minced or flaked salmon

	Group I
1-lb. tall cans 48 cans to the case...	$13 85
½-lb. flat cans 96 cans to the case...	15 15
¼-lb. flat cans 96 cans to the case...	9 30
	Group II
1-lb. tall cans 48 cans to the case...	11 20
½-lb. flat cans 96 cans to the case...	12 50
¼-lb. flat cans 96 cans to the case...	8 00
	Group III
1-lb. tall cans 48 cans to the case...	6 75
½-lb. flat cans 96 cans to the case...	8 00
¼-lb. flat cans 96 cans to the case...	5 25

Grade B tips and tails and minced or flaked salmon

	Group I
1-lb. tall cans 48 cans to the case..	$10 10
½-lb. flat cans 96 cans to the case...	11 35
¼-lb. flat cans 96 cans to the case...	7 40
	Group II
1-lb. tall cans 48 cans to the case...	9 55
½-lb. flat cans 96 cans to the case...	10 80
¼-lb. flat cans 96 cans to the case...	7 15
	Group III
1-lb. tall cans 48 cans to the case...	5 85
½-lb. flat cans 96 cans to the case...	7 10
¼-lb. flat cans 96 cans to the case...	4 80

4.

Sockeye	860
Spring	991
Coho, blueback	750
Pink	696
Chum	524
Steelhead	792

5. Canadian consumption:

Group I (Sockeye)	57,674
Group II (Coho, bluebacks, redsprings, steelheads, pinksprings and jacksprings)	31,262
Group III (Pinks)	124,975
(Chums and white springs)	88,588
Reserve	1,501
	304,000
Armed services and merchant marine..	35,000
	339,000

RUSTICO BAY, P.E.I., DREDGING OPERATIONS

Mr. McLURE:

1. What steps have been taken to include dredging of Rustico bay, Queen's county, Prince Edward Island, in dredging operations for the season, 1946?

2. Has a survey been made of Rustico harbour and Rustico bay?

Mr. FOURNIER (Hull):

1. Dredging of Rustico bay not considered practical owing to shifting nature of sand bottom. Previous dredging operations of harbour had little effect.

2. No recent survey for dredging purposes has been made.

VETERANS LAND ACT—MIDDLESEX COUNTY

Mr. WHITE (Middlesex East):

1. How many homes are being constructed under the Veterans Land Act in (a) London township; (b) Westminster township, county of Middlesex?
2. How many in each township have been completed?
3. How many in each township have been sold?
4. In each township, what are the names of the purchasers and what price did they pay for the houses?

Mr. MACKENZIE:

1. (a) 28; (b) 72.
2. None.
3. None.
4. Answered by No. 3.

EXPORT OF CANNED LOBSTERS

Mr. McLURE:

1. Is there a price control on canned lobsters for export?
2. Is there a quota control on canned lobsters for export?
3. Is it necessary for shippers of canned lobsters for export to the United States to secure a permit from the Canned Fish Allocation Officer?

Mr. BRIDGES:

1. No.
2. Yes.
3. Yes.

RADIO BROADCASTING—LABOUR-PROGRESSIVE OR COMMUNIST PARTY

Mr. LaCROIX:

Has the Labour-Progressive or Communist party obtained a fifteen minute period for propaganda over the CBC network?

Mr. McCANN: As a qualifying national political party, under the CBC white paper on political and controversial broadcasting, the Labour-Progressive party has been granted one period in the current series of national political network broadcasts in agreement with other national political parties.

OPERATION CROSSROADS

Mr. GRAYDON:

1. Was an invitation extended to the Canadian government to send an observer to "Operation Crossroads" at the Bikini Atoll?
2. If so, was such invitation accepted and who represented Canada at the said atomic bomb tests?

Mr. MACKENZIE KING:

1. Yes.

2. Yes. Air Vice Marshal Ernest W. Stedman and Major General R. M. Luton proceeded as governmental observers in a civilian capacity. In addition Major Hector Stewart of the public relations directorate, Department of National Defence was present as press observer in a civilian capacity.

IMMIGRATION

Mr. THATCHER:

1. How many applications for immigration have been made under order in council No. 2071, dated May 28, 1946?
2. How many of these applications have been approved?
3. How many immigrants have actually entered Canada under these regulations?

Mr. GLEN:

1. Information not available. Applications for admission of immigrants are filed at the various immigration offices throughout Canada and dealt with through the district offices. No statistical record is kept of applications filed.

2. Answered by No. 1.

3. None.

ALLIED MILITARY GOVERNMENT IN GERMANY—CANADIAN CITIZENS

Mr. GRAYDON:

1. How many Canadian citizens are there in Germany connected with the work of the allied military government in that country?
2. What relation does this number bear to the number of citizens of the United Kingdom and citizens of the United States of America, respectively, who are engaged in Germany on work connected with the allied military government?

Mr. MACKENZIE KING:

1. Under the terms of the declaration regarding the defeat of Germany, signed in Berlin on the 5th June, 1945, supreme authority with respect to Germany was assumed by the governments of the United Kingdom, the United States of America, and the Union of Soviet Socialist Republics, and the provisional government of the French republic. The Canadian government does not participate in the administration of the allied military government, which is supervised by these four powers. For this reason statistics regarding personnel employed in Germany in the work of the allied control authority are not normally communicated to this government. A number of Canadian citizens have, however, offered their services to, and have been employed by the allied control authority (British element) in Germany. Precise figures as to the number

of Canadians so employed are being sought through the Canadian military mission to Germany, Berlin.

2. No information.

UNITED NATIONS ORGANIZATION—EMPLOYMENT OF CANADIANS

Mr. GRAYDON:

1. What is the procedure required for a Canadian citizen to make application for a position with the united nations organization?
2. How many Canadian citizens have made application for positions in the said organization?
3. How many Canadian citizens are presently employed with the said organization?
4. Of the numbers of Canadian citizens so employed, how many are women and how many are men?

Mr. MACKENZIE KING:

1. The procedure at present required for a Canadian citizen to make application for a position with the united nations is to make written application to the secretary-general of the united nations, Hunter College, the Bronx, New York City. The applicant will then be supplied by the united nations secretariat with the requested application forms. It is understood that the secretary-general is making further arrangements to expedite the procedure with regard to the procedure for application for such positions.

2. As applications by Canadian citizens for positions in the organization are made directly to the united nations secretariat in New York, the government does not possess detailed information regarding Canadian citizens employed therein. Inquiries are being made of the united nations secretariat on this point.

3. Answered by No. 2.

4. Answered by No. 2.

EMPLOYMENT OF CANADIANS OVER FORTY YEARS OF AGE

Mr. KNOWLES:

1. Has the government received a request from the Senior Citizens' Association of Canada for the appointment of a royal commission to inquire into ways and means of combating discrimination against persons over forty years of age when seeking employment?
2. Has consideration been given to such request?

Mr. MITCHELL:

1 and 2. A request from the senior citizens' association of Canada calling attention to the alleged discrimination in employment against persons over the age of 40 years, and requesting that a royal commission be appointed to inquire into the matter was received.

The petition has been given consideration, but it was considered that the recommendation for the appointment of a royal commission at the present time would not have a beneficial effect.

In the national employment service a special section has been set up to deal with the cases of men and women who find it difficult to obtain placement, and it is anticipated that more beneficial results will accrue from the activities of this special section than in any other way. It is felt that persistent day-to-day activities through the special section herein referred to would be effective.

QUESTIONS PASSED AS ORDERS FOR RETURNS

UNRRA—PURCHASE OF FISH SUPPLIES

Mr. McLURE:

1. Who are the purchasing procurers of fish supplies for UNRRA?
2. Have maritime fishermen been notified as to the deadline for purchases of such supplies?
3. If so, what is the deadline date?

T. EATON WAREHOUSES, WEST SASKATOON—STORAGE OF GOVERNMENT PROPERTY

Mr. KNIGHT:

1. Is there, or has there been, any dominion government owned property stored in the T. Eaton company warehouses in West Saskatoon?
2. If so, is it surplus war material from (a) the first great war; (b) the second great war?
3. Is there stored there as the property of the government anything other than war material?
4. Is there stored any (a) wearing apparel; (b) boots and shoes; (c) tools; (d) bedding?
5. If so, what quantities of each classification listed are stored there?
6. What quantity of other material is stored there?
7. How many carloads are there in all?
8. How many square feet of space are occupied by the government owned material?
9. Does the storage contract provide for protection from vermin and moths?
10. Is the government paying for storage in respect of this material?
11. If so (a) how much monthly; (b) to whom?
12. How long has the government been paying for such storage?
13. What action is the government taking as to the ultimate disposal of this property?

CONSCIENTIOUS OBJECTORS

Mr. MacINNIS:

1. What are the regulations applicable to postponed conscientious objectors outside of camps?
2. On what conditions can men now in alternative service camps be allowed to leave them?
3. Are similar restrictions placed on (a) criminals paroled from the penitentiary; (b) discharged army personnel who have been guilty of desertion; (c) persons of fascist or nazi leanings who were interned during the war and since released?
4. How many of the postponed conscientious objectors were engaged in agriculture when originally so classified?

5. How many of these are back on the same farms?

6. How many alternative service workers outside agriculture are (a) making contributions to the Red Cross Society; (b) not making such contributions?

7. What is the purpose of continuing under alternative service regulations, postponed conscientious objectors outside agriculture who make no contribution to the Red Cross Society?

8. What was the total sum paid by the postponed conscientious objectors to the Red Cross Society during the month of April, 1946?

9. Has the Red Cross Society requested the government to make funds available to it from the income of postponed conscientious objectors?

STEEL INGOTS

Mr. MacINNIS:

1. What percentage of steel ingots produced is actually sold by the three basic producers in Canada?

2. What is the actual price increase per ton permitted on all the various types of steel produced by the three basic producers?

3. What is the actual cost of production of a ton of ingot steel in each of the three basic producers' plants?

4. What are the percentages of ingot steel tons used manufacturing the various steel products of each of the three companies?

5. What is the estimated cash value to the three basic producers of steel accruing from the recent increases in the price allowed by the wartime prices and trade board using 1945 production figures?

6. Does the price increase of $5 per ton cover pig iron?

7. If so, what percentage of pig iron produced is sold by each of the three companies and what percentage is used in its own operations by each of the three companies?

LEGAL SERVICES—J. H. POWER, K.C.

Mr. BLACK (Cumberland):

What legal services were performed since 1939 by Mr. J. H. Power, K.C., New Glasgow, Nova Scotia; what accounts were rendered for such services and what payments were made in each instance for (a) Department of Justice; (b) Department of Munitions and Supply; (c) Department of National Defence; (d) wartime prices and trade board?

PERMANENT FORCE OFFICERS

Mr. BENTLEY:

1. How many permanent force officers were attached to the services at September 1, 1939?

2. How many received medical examination at the time they were attached?

3. How many permanent force officers have been discharged since September 1, 1945?

4. How many received medical examination on discharge?

5. How many cases of lowered medical status resulted?

6. How many of those discharged since September 1, 1945, are receiving disability pensions as well as retirement service pensions?

7. How many of those discharged since September 1, 1945, and are in receipt of retirement service pensions, have been granted entitlement to disability pensions by the pension commission?

LOUIS PHILIPPE GAUTHIER

REFERENCE TO PASSING OF FORMER ASSISTANT CLERK OF SENATE

On the orders of the day:

Mr. J. G. L. LANGLOIS (Gaspe): With the permission of the house I wish to say a few words on the passing of Major Louis Philippe Gauthier, former Conservative member for Gaspe, and until recently assistant clerk of the Canadian Senate, who died in Ottawa yesterday.

Born at Ste. Anne des Monts, Gaspe, my own native village, on January 17, 1876, Major Gauthier was educated at Rimouski and Levis colleges, and at Laval university, Quebec, where he graduated in medicine. He practised the medical profession at Ste. Anne des Monts, and was elected to this house in 1911, representing Gaspe here until 1917. In 1916 he enlisted in the Canadian army and saw service with the 127th battalion in France and Belgium, until December, 1918. Major Gauthier was appointed assistant clerk of the senate in 1926, which position he retained until last April, when he was compelled to resign due to illness.

Through his varied activities in the medical, political, military and civil administration fields, Major Gauthier always served his country and his native land of Gaspe with unfailing devotion and outstanding ability, and I must add that we in Gaspe held him in very high esteem. On behalf of my constituents and speaking personally as well, I pray Major Gauthier's family to accept the expression of our deepest sympathy. Canada grieves to-day the passing of a great Canadian, and the Gaspe peninsula deeply regrets the loss of one of its greatest sons.

JEWISH REFUGEES

INQUIRY AS TO ADMISSION TO CANADA

On the orders of the day:

Mr. ALISTAIR STEWART (Winnipeg North): In view of the increasingly tragic situation of thousands of Jewish refugees in Europe, and the delay of the British government in implementing the recommendations of the Anglo-American committee of inquiry, will the Prime Minister inform the house if the government is prepared to permit some of the refugees to enter Canada at once, pending the adoption of the report?

Right Hon. W. L. MACKENZIE KING (Prime Minister): My hon. friend sent me notice of his question, and the answer is as follows.

The government and people of Canada are naturally concerned with the fate of these

refugees. To assist in meeting this tragic situation, two amendments were made in the immigration regulations on May 28 which were made known to the house by the Minister of Mines and Resources (Mr. Glen) on May 29. The amendments will permit some increase in the movement of immigrants to Canada without discrimination as to race or creed by adding to the admissible classes the following:

> The father or mother, the unmarried son or daughter eighteen years of age or over, the unmarried brother or sister, the orphan nephew or niece under sixteen years of age, of any person legally admitted to and resident in Canada who is in a position to receive and care for such relative.

Since many prospective immigrants coming within the above classes may not be able to obtain a valid passport, as required under present regulations, the acceptance has been authorized of alternative travel documents establishing the identity of the holder.

The action taken is intended as a short term measure to provide some early and partial relief in a number of individual cases. The general problem of refugees, because of its magnitude, can only be resolved by the united nations as a whole. Canada participated fully in the study given to it by the social and economic council at its recent meeting in New York and will join with other members of the council at the meeting which is scheduled for August 30 when a recommendation is expected to be submitted for approval by the general assembly for the establishment of a united nations refugee organization.

TAXATION AGREEMENTS

INQUIRY AS TO RESPONSE BY PROVINCES TO DOMINION PROPOSALS

On the orders of the day:

Mr. P. C. BLACK (Cumberland): Has the Minister of Finance or the government received proposals or communications from Nova Scotia or from other provinces regarding taxation agreements or the payment of subsidies to such provinces in accordance with the budget? If so, has the dominion government made reply, and will copies of these communications be laid on the table?

Right Hon. J. L. ILSLEY (Minister of Finance): The government has received telegrams or letters from two provinces accepting in principle the offer made to the provinces in the budget. Others have acknowledged the telegram and letter which I sent to them, stating that consideration will be given the offer. One province has asked for clarification on a number of points, and a reply has been sent. Copies of these communications will be placed on the table in due course.

TRANSPORT COMMISSIONERS

MEETING OF BOARD AT CHARLOTTETOWN ON JULY 17

Mr. W. CHESTER S. McLURE (Queens): I desire to direct a question to the Prime Minister, or the Minister of Transport, or both. Under what or by whose authority is the board of transport commissioners to hold a meeting in Charlottetown, Prince Edward Island, on July 17 next regarding truck freight rates on the Borden-Tormentine ferry?

Right Hon. W. L. MACKENZIE KING (Prime Minister): I am afraid I shall have to leave it to the Minister of Transport to answer that question, or have it stand as a notice.

Mr. McLURE: Then I would direct the question to the Minister of Transport.

Hon. LIONEL CHEVRIER (Minister of Transport): As the Prime Minister has already indicated, the question may be treated as notice. I shall inquire into it and have an answer for my hon. friend. I may tell him immediately, however, that any individual or group of individuals may make application to the board of transport commissioners to have rates revised, as the hon. gentleman was told some time ago in reply to a similar question. However, I shall be glad to ascertain who made this particular application.

Mr. McLURE: On a point of order, Mr. Speaker, I wish to protest against this meeting being held.

Some hon. MEMBERS: Order.

Mr. SPEAKER: Order. I do not think the hon. member should debate the matter here.

PRAIRIE FARM ASSISTANCE

INQUIRY AS TO INTRODUCTION OF AMENDING BILL

On the orders of the day:

Mr. D. J. McCUAIG (Maple Creek): On May 30, under item 30 of his estimates, the Minister of Agriculture stated that it was his intention to introduce a bill this session to amend the Prairie Farm Assistance Act, and to refer it to the agriculture committee. When may we expect this bill to brought down?

Hon. J. G. GARDINER (Minister of Agriculture): I just returned a few hours ago, and have not had an opportunity of ascertaining the position of this legislation at the moment. So far as I know, however, that is still the intention.

THE BUDGET

DEBATE ON THE ANNUAL FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The house resumed from Thursday, June 27, consideration of the motion of Right Hon. J. L. Ilsley (Minister of Finance) that Mr. Speaker do now leave the chair for the house to go into committee of ways and means.

Mr. J. M. MACDONNELL (Muskoka-Ontario): Mr. Speaker, when I made the other evening my few preliminary observations, I said that the budget was a monumental work. I realize much more now than I did then the truth of that statement, and I should say at the outset, that I may have to avail myself for only a few moments of the latitude which I believe is given to a speaker on this occasion, namely that of exceeding the usual forty-minute speaking time.

I do not believe that the government will use this budget as its ace of trumps when the next election comes. It becomes more and more clear that there is great disappointment, some of it from very unexpected quarters, and I submit that that is not surprising. It actually takes the eye of faith to see any relief coming to the taxpayers at all. It has been well remarked that this is not a budget for 1946, but for 1947. And, indeed, the individual taxpayer will not find any change in his situation until he begins to make out his tax return early in 1948. In other words his 1947 bill would be the same as it would have been. This disappointment is accentuated by reason of the fact that it was believed—rightly or wrongly—that hints of imminent reductions had been given from rather august quarters.

If the taxpayers had read the budget carefully enough to find in it the minister's statement to this effect, that "lighter taxes are not needed now for the purpose of permitting or encouraging additional private spending in order to maintain employment this year," I think their disappointment would be much increased. Because I believe they would feel that the minister has treated their urgent necessities in a very casual and impersonal way.

If by reason of the minister's action the budget had been balanced, of course that would have been a horse of a different colour. I believe the people would have been prepared to carry their burdens if the budget had been balanced, and they had been able to look forward with the degree of hope that that would have given them. But although the minister has presented to us an estimated deficit of $300 million I believe he must have had a very difficult job in making himself believe that that was a realistic picture of the situation.

After congratulating himself upon this $300 million which, as he indicated, was somewhere in the neighbourhood of a ten per cent deficit, he used these words:

> This year we must finance not only the anticipated deficit of $300 million but also the large programme of loans, advances and investments which, as I have already indicated, may involve in the neighbourhood of one billion dollars.

In this connection I venture to recommend to the minister the remarks of one of his predecessors in office, the Hon. Charles Dunning, who, speaking some ten years ago, criticized what he called the bridge-score method of accounting, so much above the line and so much below the line. And Mr. Dunning added:

> If the people of Canada are fully aware of all the facts I am confident that they will support us in the steps necessary to achieve that balance of government resources and expenditures which, in my opinion, cannot safely be postponed much longer.

It seems like reading of a different world to read of a world in which that was immediately expected. I doubt myself if the minister was very happy in entirely ignoring these large additional amounts when he gave us his estimated budget deficit. He comforted himself by speaking of these export credits as—

> —from the economic point of view replacing our war expenditures by government investments on which we shall earn a return in future years.

Now, however correct this may be in a narrow technical sense, nevertheless when we take cognizance of the history of loans of that kind in the past, and especially after the last war, it was a surprise to me that the minister was prepared to regard these as active interest-bearing assets. I doubt if anyone in private business would dare to say that. Undoubtedly any private corporation under such circumstances would have had to do one of two things; it would either have set up a reserve, if resources permitted, or would have to proceed to charge itself so much, year by years, towards anticipated possible losses.

I think I am correct in saying that the minister last year informed the house that substantial losses might be incurred from this quarter. Reverting to my illustration, may I say that any corporation which acted in that way would find itself speedily in the hands of the receiver. And this is not the whole story. I shall mention to the house later that it seems to me the minister is prepared to proceed with deficit financing on a big scale.

May I point out in passing that $200 million of the income which the minister is counting on is to be special receipts, I presume war assets. This reminds us that we shall be getting merely a modicum of the cost which we originally put out.

What does all this add up to? So far as I can see it means—no incentive to production, no relief from taxation—only more borrowing.

I know the minister felt that some sweetener was necessary for this sour budget, and so we have the minister hitting upon this curious plan of tax relief in the future. I believe this is the first time a Canadian Minister of Finance has dealt in "futures". If the minister is able in 1946 to promise relief for 1947, then why not in 1948 and 1949—like the man who sent out the Christmas card for 1946, 1947, 1948 and 1949.

Those who are skilled in these matters evidently may have suggested to the minister that he could get a double modicum of gratitude—gratitude for this year, and gratitude for next year for this relief. But my suggestion is that if he gets no more credit next year than he did this year he will have to enter it in red ink.

The minister has failed entirely to do anything to stimulate production in the immediate future, and notwithstanding his rather optimistic forecast it seems to me it is doubtful whether he is going to get the production that he wished. The minister in any event is telling us in one breath to produce and in the next breath is expressing his regrets that he cannot do anything to help.

So we have the worst of both worlds. And yet until the government can successfully grapple with the problem of reducing war-time expenditures, tax relief can never come.

Is there any sign that the government is grappling with the problem—this problem? If it cannot, then it is "just too bad"; because if it is not possible to make drastic reductions in our present expenditures—and I am speaking of our ordinary expenditures; not war expenditures, because we all understand that they are automatically falling—but if it is not possible to make drastic reductions in our ordinary expenditures, or, conversely, if the present expenditures have to be regarded as permanent, then I think our present picture is a very gloomy one, except indeed to those who feel that deficits do not matter, and about whom I shall have something to say later.

[Mr. Macdonnell.]

I should like to point out that if we feel, like the socialist Chancellor of the Exchequer in England and the private-enterprise Secretary of the Treasury in the United States, that budgets must be balanced, then we can get small comfort out of the present situation, which I maintain shows not the first sign of a beginning, let alone what Churchill called "the end of the beginning."

As I said a minute ago, let no one be confused by the sharp drop in total expenditures, because that was due to automatic decreases in war expenditures. What we are entitled to look at is the situation with respect to peacetime expenditures. I want to point out that the expenditures on the non-war departments have gone up some $200,000,000. I should add quickly that a large part of that is due to interest—nearly $100,000,000, I think—and a very substantial part is due to increases in family allowances. Nevertheless there have been other increases.

I suggested to the minister last autumn that a mere pious desire for economy would produce nothing. I ventured to say to him then that if he could not in some way continue to keep down the spending departments it would break his heart and, incidentally, he would not get results. I am beginning to think that my prophecies are coming true. We are entitled to ask for some real evidence of economy, and my complaint is that there is no sign of it. I propose to take as a test case what has happened in connection with the civil service, and I shall direct your attention to some figures there. But before I do that, I want to say this about the civil service itself. I want to make it very clear that anything I say is by no construction whatever to be regarded as criticism of the civil service, particularly the permanent civil service which had to carry on through difficult days and which has seen a lot of temporary people come in who were perhaps given more interesting and remunerative jobs. That permanent service has carried on in an admirable way all through the years.

I want to say a word about economy. We all recognize that economy is a difficult thing to achieve, and I think we all realize also that in government departments it is even more difficult to achieve than in business, and I know something about it in business. What happens is that you develop in each department a kind of little kingdom. No one wants to see his kingdom reduced. What happened

during the last five years? Large numbers of people came into the civil service as temporaries and extras, but they very quickly became a part of the landscape, so to speak. When the time comes for reducing, it is extremely difficult to reduce. As I said a moment ago, every man has his kingdom and he does not want to see that kingdom reduced. Not only is this true absolutely, but it is truer relatively, if I may say so. No department head wants to feel that his department is the one that should be reduced.

What is the moral of this? I submit that the moral is very clear. We cannot expect this economy to come from inside the civil service. Let us consider a few basic facts. Since 1939 the civil service has risen from something under 70,000 to 150,000. I am informed that both figures include more than permanent civil servants, but I am also informed that these two figures are fairly comparable. What has happened is that the civil service has more than doubled in number. While this was going on I think the public feeling was that they had to be very sympathetic, that they must not be critical because things were being done in a hurry, that people had to come in, probably more than were necessary. However, when the war came to an end I think the people had the feeling that substantial reductions should begin. I think they felt that it was quite fair to ask for a very substantial reduction within a year.

What would be a reasonable figure? I find that hard to answer. I am quite sure that some people who have thought about it would consider that the service having doubled from 70,000 to 150,000 perhaps it would be reasonable that within a year we would get a twenty-five per cent reduction. However, I think that is too high. I myself would think that perhaps there should have been a 16⅔ per cent or even a 10 per cent reduction. If that had happened I would have found it pretty hard to put much heart into any criticism.

What are the actual facts? As I understand it, the actual fact is that there has been virtually nothing done, that there has been a reduction of less than one per cent, in fact only a little more than one-half of one per cent. I am not forgetting that perhaps in the armed services—I believe it is true in the navy—certain work is now being done by a civilian staff which formerly was done by those who were in the services. That is one reason why I think that twenty-five per cent, or even sixteen per cent, is too high. I think when you come down to ten per cent you have reached a reasonable figure. But I find that nothing has been done—or virtually nothing; because a reduction of 900 out of 150,000 is really nothing. I confess I am alarmed. I imagine the Minister of Finance, with his Baptist background, which I think is more or less similar to my Presbyterian background, likes to think of economy. But I can find no sign that he is doing anything about it. Both at the dominion-provincial conference and in this house last year—I think I am correct in this—there was virtually no reference to economy.

Now, if this is a fair summing up, what does it mean? It means that in respect of continuing expenditures of $240,000,000, nearly half of our total budget in 1939, we have not been able to cut out a single dollar. Indeed, the actual cost is higher by something like $800,000. What does that mean? Has the minister lost heart and given up? Is that the reason no mention of economy was made at the dominion-provincial conference or here in this house? I think it is fair to say that the talk was tax, tax; spend, spend; borrow, borrow, but never save, save.

Last December when we debated the matter in this house the minister made a very disarming confession. I cannot quote his exact words but I can give the effect of them. He pictured his lonely struggle in trying to get some economy, a very unequal struggle it appears to have been. I fully sympathize with him, but I suggest to the house that if he fails in this, he is not the one who suffers primarily; it is the people of Canada.

I just want to give a few figures to show what could have been saved. A reduction of ten per cent, which I have mentioned, would have given us $25,000,000 on the way to tax relief. A reduction of twenty-five per cent would have given us $60,000,000 on the way to tax relief.

I have brought the matter of the civil service estimates to the attention of the house because I felt that it was bound to be brought up. I feel that when in respect of an item of $240,000,000 we have had no result whatever there is cause for alarm. I can see no reason to expect any more effective or rigorous scrutiny elsewhere.

There is only one way this problem has ever been dealt with—I mentioned it in this house

last autumn—the spending departments must be rationed. That is what they have done in Great Britain. They decided what they had to spend and they spent it, and no more. It may seem the hard way, it may seem difficult, but it will have to be done. I would remind the house of what Sir John Anderson said when speaking on the British budget. He said that one of the great duties of a minister of finance is to keep down the spending departments. It has been done and it can be done. But it cannot be done without a new mentality on the part of the government. What do I mean by this? I think I can best express what I mean by reading an extract from a speech which the Prime Minister (Mr. Mackenzie King) made many years ago when he was in opposition. We are apt to forget that the Prime Minister was once in what I understand Sir Wilfrid Laurier used to call "the cool shades of opposition". When the Prime Minister was in those cool shades in 1920 he said some things which I imagine were not very comforting to those who listened to them across the way. However, I think they are most applicable to the situation now and with the permission of the Prime Minister, I will read them. The Prime Minister said:

—these honourable gentlemen have the war habit of mind, and so long as they remain in office they will persist in it. What do I mean by "the war habit of mind"? It is the habit of mind which believes that everything should be done by the autocratic will of the ministry, regardless altogether of the wishes of parliament; it is the habit of mind which allows lavish expenditures to be accounted for by chance.

I do not know what the Prime Minister meant by "chance". I do not know whether I can use a slang phrase here and say: "What a chance" is there of our getting it now? The Prime Minister went on:

And I say to hon. gentlemen opposite, and more particularly to the people of Canada, facing as we are the great questions of the day, that so long as this present administration remains in office, so long will that war habit of mind continue to actuate the government in their management of public affairs, especially as regards extravagance in public expenditure.

What evidence have we of that tendency? As I have said I do not propose to speak of the actual period of the war, but to take the post-war period.

As an example I refer to the expenditure for the last current year as given in the Auditor General's report. And in that connection let me develop the thought which my hon. friend from Guysborough (Mr. Sinclair), brought out so clearly last week. He showed that the addition to the public debt during this year of peace was $395,000,000, or more than $1,000,000 a day.

[Mr. Macdonnell.]

I do not know how good the Prime Minister is at arithmetic, but if he will take his pencil he will find that the addition to the public debt during this last year is not one million dollars a day but between four and five million dollars a day; I think four and three-quarters million dollars a day. It is perfectly true that we do things on a more lavish scale now. Nevertheless there is the situation.

There is one further point I wish to make in connection with this question of organization and administration—I mentioned it the other night, but it is worth mentioning again. I refer to the utter failure of the government, as I see it, to implement what I understood was the promise made by the Minister of Finance last autumn that the tax administration machinery would be overhauled. Apparently nothing is being done to that end and certainly so far as I can learn, it is not because it is not necessary.

Having spoken of the immediate impact of the budget on our minds as taxpayers, I wish now to deal with its broader impact on the whole Canadian economy. I wish to deal with what the minister said about present business conditions, about future business prospects, and about the financial policies which the government proposes to follow in order to maintain employment. One could not listen to the minister without realizing the extent to which public finance has invaded our lives. It has come to live with us. It gets first cut at everything. It is senior partner in our affairs. To put it in another way, the Department of Finance, instead of being purser on the ship of state, has now become the captain and in effect determines the destination and the course the ship is to follow. As Sir John Anderson said, the budget has become a main instrument of financial and economic policy. For that reason I hope the whole budget debate will be taken very seriously. We are certainly considering things that go to the very root of our welfare.

Speaking of our present position the minister had this to say:

We are enjoying a level of employment and prosperity that we have never experienced before in peace time.

He then proceeded to trace the rise in national income, from $5·1 billion in 1938 to $11·75 billion in 1944. While he did not emphasize the point, it came out elsewhere in his speech, that nearly all of that increase in the national income was due to the fact that government expenditures had gone up from a little over $500 million in 1939 to $5½ billion in 1944. One could not help remembering that in spite of

the minister's imposing figures, dry goods shelves are still empty, and we still cannot find houses to live in. I suggest that far too much of the minister's speech deals with money, and far too little with things.

The minister went on to explain how this level of national income was being maintained. He pointed out, very fairly, the things we know—the large gratuities of various kinds to the troops through various departments. He pointed to the big backlog of savings accumulated during the war which are now available for civilian expenditure, and thirdly he referred to our export trade. He emphasized very properly the fact that this export trade is being maintained largely if not wholly by loans which we ourselves make. We are making loans not to pay for imports but to pay for exports.

The minister has so little in the budget to take satisfaction from that I hate to question what little he has. Nevertheless I wish he had not left the feeling that things were promising quite so well. As I consider the inevitable shrinkage which we hope will take place in government expenditure, and the condition of those countries in Europe whose trade means so much to us, I find the minister's picture tinged with a certain unreality. I should have been more pleased if he had spoken more gravely than he did. It is quite true that he made an appeal for production and used serious words, but to me the picture he painted took the urgency out of those words. My feeling is that unless we can prevent production costs from rising and produce more efficiently, export markets may be hard to find and our home market will begin to dwindle, and if that happens, not all the efforts of finance will find us full employment.

With the consent of the house I should like to put on *Hansard* tables IV and V of the Bank of Canada Statistical Summary for April-May, 1946. An examination of these tables will show already some signs of shrinkage of production, which will do something to alter the minister's bland optimism. The tables follow:

APRIL-MAY, 1946

IV.—BUSINESS ACTIVITY

Dominion Bureau of Statistics

—	PRODUCTION					Residential Construction Contracts Awarded	Car Loadings	Department Store Sales Index of Value	Employment Index (3)	Aggregate Payrolls Index (3)
	Gold	Nickel	Steel	Newsprint (1)	Central Electric Stations (2)					
	Thousands fine ounces	Thousands short tons	Thousands short tons	Thousands short tons	Millions kilowatt hours	Millions of dollars	Thousands	*Seasonally adjusted 1935-39 =100*	*Unadjusted June 1, 1941 =100*	*Unadjusted June 1, 1941 =100*
Annual Totals(4)										
1941	5,345	141	2,701	3,426	27,724	92	3,200	133.8	99.6	—
1942	4,841	143	3,121	3,177	32,506	79	3,386	149.7	113.6	128.3
1943	3,651	144	2,997	2,983	35,719	79	3,467	150.8	120.4	144.9
1944	2,923	137	3,024	2,992	35,151	131	3,661	165.7	119.8	148.2
1945	2,651	123	2,881	3,259	31,913	196	3,627	183.8	114.7	142.6
12-Months Ending April, 1946	2,693*	110*	2,786	3,554	31,642	216	3,622	194.8	112.3	139.4
Monthly										
1945—Jan.	233.2	11.9	268.7	264.8	2,797	4.3	280	163·1	118.1	138.1
Feb.	212.4	10.4	250.5	239.7	2,535	6.3	265	181.0	117.2	146.4
Mar.	228.7	11.8	277.5	263.8	2,828	9.3	301	215.5	116.7	148.8
April	223.7	10.8	274.2	245.4	2,766	16.6	293	171.7	115.8	144.1
1946—Jan.	238.5	6.9	244.6	328.4	2,709	4.8	287	182.4	110.2	127.6
Feb.	229.1	6.2	233.9	308.4	2,488	9.3	263	215.6	109.5	135.5
Mar.	248.4	7.8	249.1	334.1	2,748	15.7	302	258.7	109.4	137.3
April			247.5	337.9	2,708	26.9	282	207.5	110.3	138.9

(1) Source: Newsprint Association of Canada. (2) Total output less exports and secondary power. (3) Eight Leading industries. First of month. (4) Average of months in case of Department Store Sales, Employment and Payroll Indexes.
* 12-Months ending Mar. 1946.

V—USE OF MAJOR ENERGY SOURCES*: 1926-45

Compiled from publications of the Dominion Bureau of Statistics and Department of Mines and Resources Trillions of B.T.U

—	Water Power		Coal (2)			Petroleum Fuels (6)			Natural Gas (7)	Total (8) Sum of Foregoing Fuels		
	At 1926 Average Coal equivalent (2)	At yearly Average Coal equivalent (1)										
	Domestic		Domestic (4)	Imports (5)	Total (3)	Domestic	Imports	Total (6)	Domestic	Domestic	Imports	Total
1926	*262*	262	379	464	844	2	105	107	21	664	569	1,234
1927	*317*	299	394	501	895	3	121	124	23	719	622	1,341
1928	*361*	325	409	464	873	4	148	152	24	763	612	1,375
1929	*405*	351	405	500	906	7	176	182	31	793	676	1,469
1930	*407*	338	347	514	861	9	169	178	32	726	683	1,409
1931	*379*	301	288	357	645	9	160	169	28	627	516	1,143
1932	*380*	293	273	324	597	6	152	158	25	597	476	1,073
1933	*416*	313	280	302	581	7	151	158	25	624	453	1,077
1934	*500*	377	327	356	683	9	161	170	25	737	517	1,254
1935	*553*	414	327	327	654	9	171	179	27	776	498	1,274
1936	*597*	441	356	353	710	9	177	186	30	836	531	1,367
1937	*645*	473	375	390	764	18	188	205	35	900	577	1,477
1938	*606*	438	340	343	683	42	174	216	36	857	517	1,374
1939	*663*	473	370	399	769	47	185	232	38	927	584	1,511
1940	*700*	484	415	468	882	52	210	262	44	995	678	1,673
1941	*778*	534	427	546	972	61	235	296	47	1,069	781	1,850
1942	*869*	583	437	668	1,104	62	223	286	49	1,132	891	2,023
1943	*945*	636	396	754	1,150	60	228	288	48	1,140	982	2,122
1944**	*943*	633	421	764	1,185	61	248	309	48	1,163	1,012	2,175
1945**	*933*	626	402	682	1,084	51	272	323	57	1,136	954	2,090

* Excludes firewood. In 1926 firewood appears to have slightly exceeded petroleum as a source of energy. Petroleum, however, increased approximately 200% from 1926 to 1945 whereas firewood appears to have increased about 10%. (1) Output of central electric stations, generated by water, less exports. Water power is calculated at the coal equivalent, based on the average efficiency of central electric stations in the United States as reported by the Edison Electric Institute. Because of increased efficiency in the utilization of coal, this average decreased from the equivalent of 1.95 lbs. of coal per kilowatt hour in 1926 to the equivalent of 1.31 lbs. in 1945. (2) Calculated at the constant 1926 rate of 1.95 lbs. of coal per kilowatt hour. (3) Includes anthracite coal, bituminous coal, sub-bituminous coal, lignite coal and imported coke. The unit heat values employed are: anthracite, 27,200,000 b.t.u. per ton; bituminous, 26,200,000 b.t.u. per ton; sub-bituminous and lignite, 20,000,000 b.t.u. per ton; coke, 26,000,000 b.t.u. per ton. (4) Sum of sales by Canadian coal mines, colliery consumption, coal supplied to employees and coal used in making coke, etc., less tonnage bunkered and exported. (5) Imported for consumption. Deductions have been made to take account of foreign coal re-exported and bunkered. (6) The coal equivalent of the sum of gasoline, fuel and gas oils and kerosene estimated by the Dominion Bureau of Statistics and converted to b.t.u's on the basis of 1 ton of coal equals 26,000,000 b.t.u. (7) Total production. The unit heat values employed are 1,075 b.t.u. per cubic foot. (8) Including water power calculated at the yearly average coal equivalent. ** Preliminary.

Speaking of high income the minister went on to say:

Indeed the pressure of expenditure at the present in many fields is so great that action by the government and others is needed to prevent rapidly increasing prices and the development of inflation.

Again he said that ordinary expenditures and loans:

. . . will bring our total financial requirements on the basis of present commitments and present estimates during the year to roughly three and three-quarter billion dollars.

He pointed out that these financial requirements "do not of themselves suggest a reduction in taxes". Later he added:

Lighter taxes are not needed now for the purpose of permitting or encouraging additional private spending in order to maintain employment this year.

Having said this and emphasized all this, the minister was evidently a bit troubled by the fact that he was not providing any stimulus for increased production, and accordingly he changed his tune and referred to his "pleasant duty in a few minutes to announce reductions." He then proceeded to announce reductions—1947 model!

I need hardly spend time in July, 1946, to consider the effects of tax reductions in 1947, particularly as by that time we shall be on the eve of another budget which might affect even the concessions which are now being made.

I come now to say something about deficit financing. Having underlined the argument for restricting purchasing power even to the extent of keeping up taxation partly for that purpose, the minister at a later stage in his speech referred to the expansive side of his policy. In other words, the minister, having told us that he is afraid of too much purchasing power, now proceeds to make it clear that he is prepared to create a lot more. This is surely blowing hot and cold. One of

his reasons for not reducing taxation is the fear of letting loose spending power, but at the same time he apparently contemplates, if he can reach agreement with the provinces, a whole series of commitments which if he carries them out will, according to the figures given by him to the dominion-provincial conference, involve annual expenditures of several hundred million dollars. This is manifestly impossible without an incredibly high tax burden, presumably even higher than at present, or deficit financing in a big way.

It appears that the minister has not only moved from the old fashioned annual balancing to the doctrine of cyclical balancing of budgets—that is, balancing over a cycle of years, not necessarily every year—but that he is also contemplating the final step of the new financial thought, namely, out-and-out deficit financing. Particularly in the light of the fact that this is a year of high income, to contemplate large additional deficits, piled on top of our present deficit and the large loans and advances we have in contemplation, is enough to make us think seriously. What it will do is to increase an already overabundant supply of money while adding little or nothing to the supply of goods.

The London *Economist*, commenting on the English situation, and the various social services and other expenditures contemplated, said:

> Each of these, regarded by itself (the country) can perhaps afford, but can it afford them all together? That is the question that this government . . . is apparently unwilling to ask or at least unable to answer.

I apply these words to the minister, and I ask him, has he tried to make any such calculation, or is that unnecessary according to the theory of deficit financing? Let me make one thing abundantly clear. I am not suggesting that we should starve social services. What I am suggesting is that if we disregard precautions which even the socialist chancellor in England observes, we may all suffer, and social services most of all.

But someone will say, surely the Minister of Finance is as much against inflation as anyone. He has repeatedly said so. Surely we can rely on him not to run these risks. In answer to this I think it can fairly be said that the minister has been forced into a situation where he halts fatally between two courses. Is he to favour inflation or deflation? Has he too much money or too little money? In this condition of mind it is not surprising that we have this astonishing facing-both-ways budget. In one breath he is warning us against inflation, and in the next he is expounding expansive income-creating policies, which will have to be based on borrowed money, and in the end he takes an action which is really no action, as it does not become effective until 1947.

While talking of deficit financing, let us have a look at the attitude of Britain and the United States, which I have mentioned already. Both the socialist chancellor in London and the private-enterprise secretary in the United States are at one as to the necessity of balancing and hope to do so soon.

Now a word as to the technique of deficit financing. It depends, of course, on the government being able to borrow money practically without limit and on having the resources of the central banking system available to support the bond market. It is essential that bond prices should be kept firm; otherwise a loan might fail.

For several years this policy of deficit financing has been maintained partly by the creation of additional bank credit, deliberately created for that purpose. Recourse to the creation of additional bank credit solves none of our problems. It only postpones and multiplies them. I note that bank deposits are expanding at the rate of about 1 per cent per month in Canada. That is roughly $50 million a month; I believe that in the last two years, from 1944 to 1946, deposits increased, according to the dominion bureau of statistics, by some two billions. No corresponding increase in our wealth production has occurred or is occurring, but the dykes against inflation are being weakened dangerously. The present dangerous situation in the United States is due in no small measure to the fact that they have proceeded with the creation of spending powers on a scale much greater even in proportion than ours. Apparently the belief is that this procedure can be maintained indefinitely. To me this is suspiciously like the mentality of the stock market speculator who believes the market will never fall.

It is part and parcel of this theory of deficit financing that interest rates should be kept low; for if interest rates are tending to rise, or even are expected to rise, the citizen with a capacity to save can be no longer relied on to subscribe as required at the low rates, and therefore the government is compelled to put its entire reliance on the creation of bank credit. There is only one end consequence of this procedure.

The advantage of low interest from the point of view of government interest charges is, of course, obvious, and this same low-interest policy has been pursued in the United States and in England, and of course has naturally affected our situation here. But there are signs, at any rate in the United States, of a change.

The success of any course may fairly be tested by asking whether it can be permanently successful. The success of the last five years both in deficit financing and in maintaining a low interest rate makes the government authorities feel that they can go on indefinitely following the same course. But really the theory has not been fully tested. So far it has been maintained partly by appeals to patriotism, partly as a good investment, and when necessary by support in the market afforded by the Bank of Canada.

I want to digress for a moment to tell of an incident which is related of a bond dealer in the United States who was going about selling his wares after the war was over. He approached a coloured gentleman who was engaged in some kind of improvised government employment which was taking care of him, and used some well-tried arguments. First of all he used the argument of patriotism; and the coloured gentleman said, "Boss, de war is over; don't talk to me about dat". Then the bond dealer came to his second argument, the excellence of the investment, and to this the coloured gentleman replied, "Boss, dem dat pays me what I gets for what I does will go broke".

The first of these supports, that is to say, patriotism, is no longer to be relied on to anything like the same extent. The continued low interest is going to tend to make government bonds less attractive as an investment and therefore the task of the bank might be heavier. The truth is that deficit financing and its offspring, low interest, is still untried under peacetime conditions. I suggest that they are not supported by the common sense of the man on the street, but are the financial conceptions of people living in a world inhabited not by ordinary men of hopes and fears but by that imaginary creature, the economic man.

The ordinary man on the street cannot be made to believe that interest charges can go on mounting indefinitely. He believes there can only be one end to constantly mounting debt, namely, currency instability. Moreover, while low interest rates may be very convenient for borrowing governments, there is another aspect of this question which we should not overlook. Whatever may be the blessings of low interest in some ways, let us not forget that it has important implications for those who have through life insurance or otherwise acquired security for their old age.

The policy of hammering all interest rates down to aid the government in carrying a mounting debt burden means an increase in the cost of security to the largest and most diversified group of investors in the country. Those who, aged or disabled, have provided for self-support from past savings find their retirement allowances cut by this policy. It means that people in modest circumstances must either make larger contributions out of current earnings or accept lower pensions at the time of retirement. It is here that cheap money strikes its hardest blow. It is here that cheap money levies a special tax on the frugal and the thrifty. Inflation can become a vicious form of taxation. Cheap money, especially occasioned by vast government spending, can become in this respect a tax also. It hits the thrifty. It hurts those who are trying to help themselves.

To sum up, the whole deficit theory of financing is based on a controlled economy. Let us face the fact that we have had a virtually controlled economy since 1939. It is not unnatural that those who have been in control should believe that they can do in peace what they did in war. I wish to point out that three of the all important aids which they had in wartime are now gone. First of all they had the insatiable demand for goods. Second they had practically unlimited spending powers. They ran up our debt from three billion to somewhere near seventeen billion. Third, they had control over both producer and consumer. They could tell the producer what to produce, what not to produce. They could tell the workman at what job he was to work. Do not let us deny that with these advantages they accomplished certain things, but the conditions which made their achievement possible no longer exist.

Do I then suggest that government should from now on take an entirely negative attitude? By no means, but what I do say is that to embark or prepare to embark on large further deficit financing when in addition to a deficit on ordinary account of $300 million we are borrowing hundreds of millions for loans abroad, is a highly questionable proceeding.

Bound up with this matter of deficit financing is the question of security, about which it will be convenient at this point to say a few words. I doubt if there ever was a time in the history of the world when there was such an anxious urge for security and such an appalling awareness that we have not got it. There is a widespread feeling that security must come through government. Well, we have had evidence of governments providing security. Governments provided security for several years over large parts of Europe and large parts of Asia. There was security for work; work was not only obtainable; it was inescapable—the work of the slave, the kind of security the Israelites had when they worked for the ancient Egyptians. We can have that kind of security, but it is not the

kind of security we want or could tolerate. The truth seems to be that to get security we must take risks. I ventured to suggest that to the minister the other day when he was speaking about the foreign exchange control board. Perhaps that was in Shakespeare's mind when he made one of his characters say—I think it was in Macbeth—"You all know security is mortals' chiefest enemy." That may be a somewhat mysterious statement; nevertheless I believe if we examine into our own minds and study history we shall find that if a man or nation concentrates exclusively on the getting of security, that man or that nation will not get security. I believe we can say that security in a free economy depends on having enough people who are ready to take risks. These are the people who get the thing going; these are the people who provide work for others, and the role of the state is not primarily to provide security but to provide opportunity, and to create an economy conducive to freedom and enterprise. No one will say that we have made a perfect job of it, but great things have been done, and what we need to do is not to change the mainspring, though we may need a better regulator.

Security has come through a multitude of individuals prepared to make the most of their opportunities. At this point I should like to interject this question: what brought our ancestors to this country, from the earliest ones who came from the north of France and then from Britain, on down to the ones who came more recently from the continent of Europe? Did they come here looking for security? They came here looking for opportunity. That is what brought all of them here. Almost without exception they came looking for opportunity, and happily we are able to say that on the whole they found it.

This is not the time or the place for me to take time to discuss the merits of free enterprise and socialism, but I should like to quote something from a man whom I believe no one will regard as a reactionary or a narrow-minded supporter of free enterprise. I refer to the late Lord Keynes. Before quoting him I want to say that just before the statement I wish to quote he had spoken about the extension in certain ways of the traditional functions of government. I trust that hon. members to my left may listen to what Lord Keynes said, because I believe they have respect for him and because I think it tells the story so well. After speaking of the functions of government Lord Keynes said:

> There will still remain a wide field for the exercise of private initiative and responsibility. Within this field the traditional advantages of individualism will still hold good.

Let us stop for a moment to remind ourselves what these advantages are. They are partly advantages of efficiency—the advantages of decentralization and of the play of self-interest. The advantage to efficiency of the decentralization of decision and of individual responsibility is even greater perhaps than the nineteenth century supposed; and the reaction against the appeal to self-interest may have gone too far.

He is a little cagey there. I continue.

> But above all, individualism, if it can be purged of its defects and its abuses, is the best safeguard to personal liberty in the sense that, compared with any other system, it greatly widens—

Mr. MacINNIS: That is a big "if."

Mr. MACDONNELL (Muskoka-Ontario): I am ready to admit that. You see, I did not leave out that "if." I continue with the quotation:

> —it greatly widens the field for the exercise of personal choice. It is also the best safeguard of the variety of life which emerges precisely from this extended field of personal choice and the loss of which is the greatest of all the losses of the homogeneous or totalitarian state.

I commend this particularly to the hon. friends to my left, many of whom come from Saskatchewan, because that province probably is the most individualist and the most capitalist province in the whole dominion, composed, as it is, largely of farmers.

Under our system the duty of government is to create conditions to increase the number of those who will provide employment. There must be more enterprises, more people to take risks. For that there must be freedom for profits, too, because that is the way to distinguish between efficiency and inefficiency. That is the way and the only way to get the maximum production in a free country.

I want to say a word about workers on their own. Sometimes I think we forget them. A reference to security impels me, naturally, to speak of them. In the house the other day the Minister of National Health and Welfare (Mr. Claxton) said, as I recall it, that workers on their own numbered about half of the employed people in the dominion. I was surprised when he said that, but at any rate, it is a very large number. Workers on their own number something over 1,100,000. They include 630,000 farmers, 54,000 manufacturers, 99,000 in trade, 49,000 in fishing and logging, and so on. I should also add over a million people who are taking part in pension schemes, in other words, seeking to look after themselves. What is the characteristic of all these people? The characteristic is that they have a sense of responsibility in that they want to look after themselves. My own riding is full of people like that. There are hardly any other people in it. There are large numbers of them in every riding.

What is happening to these people? Remember that I say they all have one characteristic; they all wish to be independent. The two things which are making it difficult for them are taxes and high prices. These and low interest are making it extremely hard for them and sometimes I think they wonder whether in the process of providing security for other people they are to be pushed into a situation where they will have insecurity forced on them. I ask the minister to consider whether he is jeopardizing these people. Is it even possible that there are those who wish to increase the number who are leaning on the state? If so, I wish to proclaim my view that it is people like these who are the cornerstone of any free economy. As I understand it, democracy as we have it really takes its roots from seventeenth century England, and if there ever was a place where they believed that people should try to look after themselves and have a sense of responsibility, it was seventeenth century Puritan England. Our whole desire should be to try to strengthen these people. Morally and materially they are a priceless asset.

I wish to say a few words about production. If I say nothing else to-day I hope I may say a word which may help to concentrate our minds on this all-important thing. Really the one inescapable test of the minister's budget is this: Does it help to create production? Does it encourage the investor to invest, the producer to produce, the workman to produce his maximum. So far as it does these things it is a success; so far as it does not, it is a failure.

In considering production, let us concentrate our minds on consumable things which alone increase wealth, and refuse to allow ourselves to be led away and made dizzy by astronomical money figures. Many people who talk about money as if it were worth having as a thing in itself are guilty of a great error. There is another fallacy of which people are guilty. They talk about production in an abstract and unrealistic way. You hear people say that everything is all right; we have got more skills developed during the war and all we need to do is to put people to work. I wish it were as simple as that. But we do not produce in a vacuum. The only production we can get is production related to other parts of the economy in terms of skills and materials to be supplied, costs and so on. Of course the great bulk of our production must be in those things where we have special skills to produce. It is essential, unless we are going to reshuffle the whole deck, that we keep employed 630,000 farmers, 54,000 manufacturers, 49,000 fishermen and loggers, and so on. On this production depends our whole foreign market, because in these things we produce more than we consume, and if production is high in these lines then we are functioning efficiently, but if it goes down in these lines there is no use in comforting ourselves in an abstract way by saying we shall be able to produce. You cannot suddenly turn a farmer into a miner or a papermaker into a fisherman. Furthermore it is not going to be cured by the huge outpouring of government money. However much we may be prepared to recognize the duty of the government to meet unemployment, we must recognize that the task of turning, let us say, skilled papermakers into foresters is difficult, if not impossible. Therefore, I repeat, when we think of production let us not think of it in abstract terms but let us think of keeping our existing skills employed in production, and let us judge the minister accordingly. Government measures to aid employment should be ancillary, to be used in emergency, and should not blur the fact that the main business of government is to create a favourable climate for the production of the products which we are specially organized and skilled to produce.

Judged by these standards I criticize the minister in three ways. First, he fails to give a definite stimulus to production. Second, his policy of deficit financing I believe will create great uneasiness as to the stability of the currency, if it is continued. Third, the timid and hesitating manner of dealing with controls, even though there has been some improvement, is still hampering business. I shall have a word to say on that later.

Beyond these, and more important still, is the state of mind which has been created throughout the community by vast government expenditures and the hope held out of more. This has created a widespread impression that governments can create money at will and provide full employment by their own financial measures. This has the dangerous effect of lessening the individual sense of responsibility far and wide. In addition, the use of subsidies and bonuses in wartime has created a feeling that the government can step in to fill any money deficiency. "Are the wage-earners not getting enough?" "Let the government make up the deficiency." "Can the company not make money?" "Let the government subsidize the company so prices to the consumer can be kept low." "Are the farmers not getting enough?" "Let a subsidy be given there, too." It all looks to me like pulling ourselves up by our bootstraps. It reminds me of a story which, while of a rather trivial nature, I hope will not offend

anyone in this house. A farmer had an invaluable pig man, but he discovered that he had one failing. He explained that his man was a wonderful fellow, always on hand when the sows were farrowing, always there to see that each little pig had its proper channel to receive nutriment, and all the rest of it. The only fault of this pig man was that he forgot to feed the sow!

Let me add that perhaps much of this was unavoidable in war time, but the trouble is that it is continuing in peace time. It cannot go on forever unless we are prepared to resign ourselves to a controlled economy. So on all hands we have strikes, refusal to do certain jobs, and so on. This is partly due to other causes—suspicion, distrust and the like; but it is also due to the widespread decline of an individual sense of responsibility, and for this I believe the minister cannot escape responsibility.

Let me give one illustration. We have men who were formerly engaged in mining, lumbering, farming and so on, who have been released from the army or from munition work. They have come to like a gregarious life. Sometimes it happens that they do not wish to return to the work for which they are best fitted and which will enable them to contribute most to the national economy. No one should criticize them; nevertheless responsible leaders, their own labour leaders first of all and also the government, should make it clear that we cannot prosper as a nation unless every man has a sense of responsibility to do his best at the thing at which he is most skilled. Let no one think, however, that I am forgetting the responsibility of investor and producer, particularly the latter. He too must have a full sense of responsibility; and incidentally I associate myself fully with the minister's appeal to him, only I wish the minister had done more to help him.

I have emphasized the fact that social security can come only from production. I believe this is true. Nevertheless I often hear people talking in this house as though they believed we could get things just by voting money. How easy life would be if that were so! We could all then live in the never-never land which W. S. Gilbert describes, when he says:

> There lived a king, as I've been told,
> In the wonder-working days of old . . .

Then he describes life in this kingdom as follows:

> He wished all men as rich as he,
> And he was rich as rich could be;
> So to the top of every tree
> Promoted everybody.

But speaking seriously, as I have sat here listening to the call for expenditures how often have I said to myself: Can this really be true? Can we have everything we want regardless of expense? Sometimes I feel that anyone who questions it is regarded as anti-social, and my feeling is that if those of us who think there is a limit somewhere prove to be right, then the anti-social people will prove to be those who carelessly and recklessly, in my opinion, have urged people to believe that government spending could be carried on without limit.

I wish to say one other thing, and it is this. In this house I believe we should be prepared to credit each other with sincerity. The other day I was very much surprised to hear no less a person than the hon. member for Rosetown-Biggar (Mr. Coldwell) say:

> I know my Progressive Conservative friends dislike the idea of many other things that are being done for the benefit of the ordinary man and woman in Canada.

I resent this sort of thing very much; I think it is beneath the dignity of the hon. member to talk in that vein. If he must talk in that way I suggest that he keep it for his own constituents.

While I am on this matter there is another thing I should like to mention. It is one of the most popular indoor sports in this house, as far as I can make out, to suggest that in the period from 1930 to 1935, when our party was in power, there was a disregard of the needs of social security. Incidentally I might remind hon. gentlemen opposite that we inherited the years from 1930 to 1935 from those across the way; and while the conditions we had then were in the main world wide, nevertheless prudent housekeeping by the Canadian government in the gay twenties would have made the years from 1930 to 1935 very different from what they were. At the present rate of going, we may have a bad legacy again in a year or two. But to come back to the barrage of criticism, particularly from hon. gentlemen to my left, perhaps it would interest them to hear what a distinguished member of their own fraternity had to say of the prime minister of those days. The speaker is none other than Professor F. R. Scott, who I believe is still in good standing in the C.C.F. party. He had this to say:

> A glance at the dominion statutes of 1933-35 will reveal how active was the Conservative leader in the promotion of social reform.

I wish to add quickly, in order to save hon. gentlemen to my left the trouble of pointing it out to me, that at the time Mr. Scott was making this statement he was also pointing

to the fact that the Prime Minister of that day had done certain things to extend government operation.

Now I wish to say a word or two on the subject of controls. At the end of the war I think almost everybody felt (1) that controls had served a useful purpose, (2) that they could not be done away with immediately, (3) that they hoped they would be done away with as soon as possible, and (4) that they wanted a continuing plan known and understood by the public. In respect to the first three points I am sure the government would agree, but in respect of the last I think we are entitled to criticize the government. I think we can say: (1) that there should be a developing plan; (2) that it should be known; (3) that it should operate in successive stages; (4) that some trouble should be taken to sell it to the public, as trouble was taken when price controls were put on in 1941, when a good job was done; and (5) that the plan should be a general one. The present confused situation in the United States has been the occasion of a new statement by the minister on the subject of controls, but the main principles to which I shall refer are not affected by what has happened; actually they are emphasized by it.

At the present time the picture one has is of the attempt to deal with a multitude of individual cases, and I submit that it is doomed to failure before it starts. What happens? Case A is considered, and it take some time. It cannot be done overnight. It may take weeks to assemble all the facts, or at any rate a considerable time. If everything else remained static while that was being done, it might be all right; but what happens? Everything else is in a state of flux, so I suggest that by the time a decision is reached in a great many cases, it is already obsolete; and I suggest that has been going on in scores and perhaps hundreds of cases and that we are getting an uneven situation in every direction. The triviality of the cases with which the board still deals is almost beyond belief. I have mentioned here previously that it came to my attention that the price of horseshoeing in one of the small towns in my riding has been under control. The hope was expressed by the board that they might be able to lift the ceiling, and I was asked to hold up the matter for a week while that was being considered. Finally there was a civil and courteous statement that it could not be done, that is was part of a pattern. That, to me, is pure doctrinaire intellectualism. Therefore my feeling is that if this is going to be done successfully it has to be done to some extent "by and large", and that we cannot proceed by dealing with each individual. Also the public must be taken into the confidence of the government as they were with regard to control.

What has the minister to say about it? I quote his words:

> We believe it is wise, and practically necessary, gradually to relax and remove the controls which made up our stabilization programme.

That is all very well, but there must be some method indicated, some plan that is intelligible and for which public support may be sought.

This raises the question of publicity. The original price control was sold to the public in a most effective manner. People were made to believe in it. It is now necessary to sell decontrol to the people in the same effective way, and get them to believe in it also.

Next comes the human equation. In order to get decontrol we must have people who believe in decontrol. People who have been working controls have believed in them. But is it likely that they are going to become enthusiastic about decontrol? I think that to ask them to work for decontrol will be like asking a lot of admirals to decide upon reducing the navy.

Let us be realistic about it. We have a group of men who have had unlimited power in their hands, and who have the controlled economy complex. They are industrious and high-minded, and no doubt convinced that their controlling hands are still necessary. It will be hard for these men to believe really in decontrol. Must it not almost inevitably seem to them a risky thing to trust people to look after their own affairs again?

Then, one final point on the matter of control. The key problem of control is to keep increases in prices and increases in wages related to each other, but at the present time we can see only too clearly that this is not being done. What we actually find is something like this: An increase in wages granted by the national war labour board, then an increase in prices granted by the wartime prices and trade board, then a further demand from labour for increased wages to offset the increased price which the producer, on the other hand, regarded as compensating him for the increase in wages already given.

So long as the period of control exists, and until employers and employees can get back to the healthy business of making their own agreements, there is only one solution for this difficulty, namely to bring employers and employees together and let them hammer out their differences of wages and prices before a joint authority which can arrive at an over-all decision.

This is the only way to get production, which is the answer to every problem which-

ever way we turn. I cannot do better than quote briefly from Mr. F. P. Walsh, a well-known labour leader in New Zealand:

> And nothing should be allowed to interrupt the productive system. We cannot afford to have stoppages of production. Machinery exists in the federation of labour and in the government for the settlement of industrial disputes. This machinery is adequate and is there to be used. The history of disputes shows that it must be used at some stage and therefore the most effective way for our movement to use it is before the stoppage occurs. Every time a stoppage occurs, not only are wages lost but goods are lost which are essential to the attainment of a higher standard of living—our primary objective.

I wish to say just a word about dominion-provincial relations. I said the other evening that in their method of presenting the new proposals to the provinces, the dominion government was using a very big stick. I favour, as my leader favours, and as I hope all hon. members favour, the adjustment of dominion-provincial relations on the basis of fiscal need. I shall confine myself in my further remarks at the present time to method.

What were the provinces entitled to expect when the meeting adjourned on May 3? Very considerable progress had been made. Much of what the dominion wanted had been conceded already, so that there was no reason for precipitate action. The principle which was advocated on behalf of the provinces had had, on a previous occasion, some years before, the approval of the Prime Minister himself. I shall quote him later.

The great principle which the provinces sought to sustain was the classic principle of responsible government—that all governments should by their own taxation measures raise as much as possible of the money they spend.

After emphasizing the importance to the provinces of retaining certain minor taxation fields, Mr. Macdonald, Premier of Nova Scotia, said that if these be lost—and these are his words as they are reported at page 39 of the official report of the proceedings of the conference—

> Provincial autonomy will be gone. Provincial independence will vanish. Provincial dignity will disappear. Provincial governments will become mere annuitants of Ottawa. Provincial public life—and I do not think these words are too strong—will be debased and degraded.

It is with this background of words used by Mr. Macdonald that I now quote the words used by the Prime Minister in 1930, as reported at page 1237 of *Hansard* for that year. The Prime Minister, if I may say so, on this occasion spoke with unusual absence of qualification. Here are his words:

> When on a previous occasion we were discussing this matter of grants from one treasury to another, I said I thought it was an unsound principle; in fact, I think I used the expression that it was a vicious principle to have one body raise the taxes and another body spend the peoples' money thus raised.

These words of the Prime Minister put the matter very clearly. In all these circumstances—the progress already made, the wishes of the provincial premiers, the known attitude in the matter of the Prime Minister which I have just quoted—the provinces were entitled to expect that the conference would have been reconvened.

This would have been in accordance with the spirit which characterized the making of confederation. Confederation was brought about only by an exercise of tact, wisdom, moderation, mutual understanding, forbearance, patience, and willingness to give and take. Moreover this principle, the principle of seeking progress by discussion and agreement, has been well established already in commonwealth relations. This spirit of seeking agreement by discussion and compromise, which served us so well at confederation and which has characterized all meetings of the commonwealth, the government of Canada has cast aside in its methods of dealing with the provinces.

I am aware that the answer will be made: Well, what about it? The provinces will have to agree, and if they do, is there anything more to be said?

One or two provinces have accepted, and others will no doubt accept. Needs must when the devil drives. But that is not the final answer. The final question is not whether this high-handed action will succeed, but what bearing it has on the vitally important future relations between provinces and dominion. The question is what would be the effect of this use of the power of the purse, of this shot-gun substitute for consultation, compromise and agreement.

This, I fear, is another instance of what the Prime Minister, in the quotation from which I previously read, called, "the war habit of mind", which he defined as "the habit that believes that everything should be done by the autocratic will of the ministry, regardless altogether of the wishes of parliament." These words of the Prime Minister may rise to confront him still as centralized power goes on from one high-handed arbitrary step to another.

The statement made by the Minister of Finance on Friday last will have, as he recognized, a most serious effect on the gold-mining industry. Whether or not, as some think, it will close down low-grade mines, is not clear. We must hope it will not. But

it will be bad enough, bad for shareholders, but far harder on the miners themselves.

It should not be forgotten by any hon. member that in 1943 there were 64,324 employees in the metal mines industries throughout Canada; that they received in wages and salaries $128,483,302, or an average amount of $1,997, or just $3 less than $2,000. If the gold industry is to be maintained in a strong and progressive position, further immediate steps will have to be taken by the government. Some of these steps are indicated in the recommendations of the senate committee on steps to be taken for the mining industry as a whole, comprising the following basic measures:

(1) Return of fifty per cent depletion allowance for both mines and shareholders;

(2) Wipe out the excess profits tax on all mining.

With the full gravity of the situation facing them, I urge the government in the first place to adopt these senate recommendations, which they have so far ignored; second, to consider seriously whether further steps can be taken to maintain this industry, which has been of inestimable importance to the economy of this country, particularly since 1929, by reason of the fact that practically the whole mining output has been exported abroad.

I wish to say a word now about trade—and I also wish to say that I am nearly through.

Two things have always been essential in the past to the prosperity of Canada:

1. That there should be economic relations on a large scale between the United States and the United Kingdom; and

2. That we should be able to export large amounts of natural products to the United Kingdom and western Europe.

To-day this remains as true as ever, but there remains the fact that there are tremendous influences at play which tend to create an impossible situation in western Europe. We know that a great part of western Europe has been overrun by Russia and is really inaccessible to us. The rest of Germany is in a very unsound position. While in the balance of western Europe there has been some encouraging progress, that is something which could easily be put back.

What about the United Kingdom? It stands with one foot in Europe and one foot in the western hemisphere. It is trying, as it always has done after successful wars, to treat the enemy decently, wisely and constructively, both from motives of humanity and from motives of enlightened self-interest. It is the bastion for the western hemisphere in time of peace, just as it was in time of war. It is a bastion now against the flood of economic communism, as it was in war against the flood of nazism. If the flood of communism should cover the rest of Europe, it is hard to see how Great Britain could survive economically.

What would her failure mean to this country and to the United States? Assuming, as one could hardly fail to assume, that if communism should sweep west it would also sweep east, we would then find an America isolated. Does any one suggest that South America alone could afford a sufficient export area to make possible North American prosperity? How earnestly then must we hope for the success of Great Britain, and how ready we should be to play our part?

The first objective obviously was to enable Britain to resume as rapidly as possible normal economic relations, and in particular to aim for a convertible sterling. The Bretton Woods agreement, which was approved in this house last December, was a step to that end, and a second step was the loan approved in this house some weeks ago. A greater step, which we await anxiously day by day to hear the accomplishment of, is the American loan. I cannot believe that shortsighted obscurantism can possibly win the victory in that great country over the forces of reason and enlightenment. How anyone can doubt that the United States, cut off from Europe, would suffer grievous economic injuries, I cannot understand. A new factor in the situation, from Canada's point of view, is that during the war we become a creditor instead of a debtor nation. This means that the import-export situation is basically altered and, in the long run, we must find a way to take more imports.

I should like to digress here for a moment just to put on record one or two facts often forgotten in the history of trade policy. It can, I think, fairly be said that the Liberal party, if the record is studied, has followed remarkably closely Conservative tariff policy. The Laurier government in 1896 adopted the national policy of 1878. The King government in the nineteen-twenties accepted with little variation the tariffs of Borden and Meighen. Since then the same has been true. The much maligned policy of Bennett in the difficult nineteen-thirties has quietly been adopted with no significant changes by the present government in the nineteen-forties. We hear little now of those Liberals who preached unilateral lowering of tariffs. Hon. gentlemen opposite may be surprised at this, but if they will look at the facts I believe they will find I am right.

This, as I said, is for the record. To-day we face new conditions and cannot rely complacently on old methods. We are providing large sums of money to enable our products to find a market—perhaps something like a billion dollars this year, not to pay for imports but to pay for exports. We are coming to be creditors in world trade relations, and we must adjust our policies accordingly.

I come back to where I began. We need exports as never before. In the world of to-day there are new and perplexing difficulties in the way of trade. Difficulties of currency are added to the old difficulties of tariff. If we seek security exclusively, pursuing our own prosperity by policies of exclusiveness, we may very well find that we have failed to get security but have only the exclusiveness. What we must try in every way to do is to pursue security through cooperation and exchange policies.

It will be natural that many hon. members at this moment will have in their minds the question of British preferences which the United States, in signing the British loan agreement (subject to the approval of congress) suggested we should relinquish as part of the greater freedom of trade which it was hoped would result from that and other similar agreements. In my opinion we in Canada should do all in our power to contribute to the increase of trade. Whether it comes or not depends, it is true, to an almost overwhelming degree upon the United States. However, we bring much greater strength to any negotiation than in the past, and can play a greater part than in the past, particularly with the United States. Meanwhile it would be natural for many in Canada to feel that we must not give up a bird in the hand until we have some indication of what is in the bush.

I have tried to emphasize the unreality of this budget. There is unreality in the new deferred form of tax relief which reminds us of the children's game, "This year, next year, sometime, never." There is unreality in facing our deficit; there is unreality in failing to accentuate production but on the contrary getting lost in mazes of dollars. There is unreality in painting our economic position too rosily, and, worst of all, in making no concentrated attack on the citadel of extravagance.

I sometimes wonder if the government which has been borrowing and pouring into our pockets as part of our income some three billion dollars a year is not allowing or even inviting us to commit the error of a man who has an income of $3,000 a year, who borrows $2,000 and then spends the lot, leaving to someone else all the worry about repaying the loan. Much was expected of the budget—it is almost pathetic to recall how much—but the hopes have largely turned to ashes. Instead of relief and encouragement, the budget has given us disillusionment and disappointment.

It will be hard for the minister's appeal for production to succeed when no new incentives are offered. But it is essential that all of us as good citizens should do everything in our power to bring it about.

However, the great responsibility must remain on the government, and it seems to me that unless they show a greater ability to organize economically, a greater capacity in other ways, the prospect is not what we would desire.

I desire to move, seconded by the hon. member for Calgary West (Mr. Smith):

That all the words after "that" to the end of the motion be omitted and the following substituted therefor:

"This house regrets:

(1) That the budget does not provide for tax reductions in the calendar year 1946;

(2) That the budget gives no indication of any serious attempt to eliminate extravagance or effect economies in the cost of government;

(3) That the policies of the government are discouraging much-needed production."

Mr. ANGUS MacINNIS (Vancouver East): Mr. Speaker, in taking part in this debate I want my first word to be one of congratulation to the right hon. Minister of Finance (Mr. Ilsley) upon the careful and comprehensive review of the nation's business which he gave in his budget speech. I am glad that in this one respect I find myself in complete agreement with the hon. member for Muskoka-Ontario (Mr. Macdonnell). We both agree in loving the sinner while hating the sin. Perhaps I should say, while hating the sins, because we may find some difficulty in agreeing on the particular sins that we hate.

This is the first peace-time budget since 1939. The budgets in the years 1939 to 1946 had to do with the economy of the country in the emergency of war. Under such circumstances we could not expect much constructive long-term planning. Consequently our strongest criticism of this first peacetime budget in seven years is not so much for what it does as for what it fails to do. It is a perfectly orthodox old-fashioned budget, and may I say that the criticism we just listened to was perfectly orthodox old-fashioned criticism. If any proof were needed I would point to the hon. member for Muskoka-Ontario quoting something that the Prime Minister (Mr. Mackenzie King) said in 1920.

This budget takes no account of the social and economic changes which took place in this country and in the world during the ten

years of the depression and the six years of war. It looks back to yesterday, and I may say that my hon. friend the member for Muskoka-Ontario also looks back to yesterday, not forward to to-morrow.

Let me remind the house that we were told during the war that never again would we allow the economy of the country to sink back to what it was in the thirties, never again would we condemn ourselves to live in poverty while all round us we had potential and actual abundance. Yet there is nothing in this budget to indicate that the government has any intention of honouring that promise. In the war we achieved full employment and the economic security that goes with that condition. I think it is agreed, at least, among all progressive people, that we could do the same thing in peace. There is nothing surer than that we cannot do it by using the hit-or-miss methods of private enterprise. It cannot be done without careful over-all planning to meet civilian peacetime needs as we met military needs in time of war. Planning the Canadian economy to meet the requirements of the Canadian people—that should be the foremost feature of this our first peacetime budget in seven years.

Let me draw to the attention of hon. members what the lack of planning results in. It is amusing to hear members of the government and members of the opposition talk of the period from 1930 to 1935 and the years before that. The Conservatives say: Oh, yes, but in the years 1930 to 1935 there was a world-wide depression and, as the hon. member for Muskoka-Ontario said, we inherited that from the Liberals. Unfortunately, the Liberals also inherit from the Conservatives, because Liberals and Conservatives have always been the government in this country, one following the other. What they do is merely to put the blame on each other, and the blame is, of course, correctly placed.

Let me quote briefly from page 144 of book I of the report of the royal commission on dominion-provincial relations, sometimes referred to as the Rowell-Sirois commission. It says:

> When the bases for progress along the old lines disappeared—

Let my hon. friends on my right listen to this:

> —and the full force of the world depression fell upon our specialized exports, the problems of adjustment were extremely difficult. Canada's political, public finance and economic organizations were not adapted to deal with sharp and prolonged economic reverses. When a specific and coordinated programme was required, there was bewilderment; when positive action was needed there were only temporizing and negative policies; when a realization of the far-reaching effects of the altered circumstances was demanded, there was but faith in the speedy return to the old conditions of prosperity.

Could anything be truer of this budget than that statement? Could anything be truer as applied to what the hon. member for Muskoka-Ontario has just said? Again I quote from page 172 of the same book:

> It is clear from the above brief review that there was no coordinated or carefully planned relief policy in Canada during the depression. It was a policy of expediency which failed either to promote maximum welfare under the circumstances or to safeguard the financial position of the various governments. The dominion, from whom alone leadership could have come, was mainly concerned with steering a day-to-day course between insisting on the constitutional responsibility of the provinces and the necessity of preventing wide-spread starvation.

Surely the policies which failed then are not good enough for 1946.

We regret, Mr. Speaker, this fundamental defect in the budget, the defect that it does not plan. Indeed it holds out no hope whatever that we can have steady and enduring prosperity in a peacetime economy. In this budget the Minister of Finance bases his whole hope for the maintenance of the prosperity that we attained in the war on three main factors; perhaps I should say three main hopes. First, he places his hope on continued high export trade. His second hope is high private investment. His third hope is in the large reserves of savings in the hands of Canadian people which will be used in consumer purchasing. I wish to deal in some detail with these three hopes of his for maintaining prosperity, on which the government, may I point out, bases its whole fiscal policy.

At page 2902 of Hansard the minister said:

> Our income from exports is the most important factor determining our prosperity and employment in peace time.

He then goes on to show how during the war our exports rose to enormous proportions and that while our exports of war material have stopped they are being replaced by manufactured goods and raw materials for civilian consumption. He closes the paragraph with this sentence:

> This is the main factor in the maintenance of our national production and employment.

With all due deference to the minister, I suggest to him and the government that when in a country like ours we place the whole or chief emphasis upon exports to maintain prosperity we are leaning on a broken reed. The history of the last twenty to thirty years is sufficient proof of that. Has the minister forgotten that during the depression years one-quarter of our population went hungry and

without sufficient clothing, went without decent shelter, while we had right here in Canada all of the things needed, and they were all going to waste? On the one hand, men deteriorated, while, on the other, the goods they needed also went to waste. Are we to go back to that? There is nothing in the budget to say that we are not, and there is nothing in the criticism that we heard from the official opposition this afternoon to indicate that they too are not prepared to go back to that.

May I pause to say, for fear I might be misunderstood, that this party is not opposed to a policy of encouraging export trade. Indeed we are very much in favour of such a policy, and we have supported every proposal of the government to that end. We believe export trade to be an important factor in our economy, provided that exports are paid for by imports. But that is an altogether different thing from saying that Canada must depend upon export trade as its main prop in producing and supporting a high standard of living. In my opinion there is only one reason why a country must sell goods, and that reason is that it must buy the goods that it cannot or does not produce. The less varied the resources of a country are, the greater is the necessity for export trade, because the exports will pay for what the country must import. Let me cite an example of what I mean: An export market is much more important to Great Britain than to the United States, because the latter country can and does produce more of the needs of its own people. Similarly, export trade is more important to Canada than to the United States, because our resources are less varied than those of the United States.

An export market, then, sufficient to enable us to buy such imports as are necessary to the functioning of our economy and the maintenance of the health and well-being of our people is highly essential, in fact imperative, if we are to have a high standard of living. But once we have attained that amount of exports, it is the home market which is important; it is the making available to the people of Canada of the goods that can be produced in Canada which is important.

The minister referred to the policy of the government of extending credits to the countries of Europe and the value of this policy in expanding our export trade now and in establishing it for the future. I appreciate that part of the government's policy. But even without these considerations we, because of our circumstances, have an obligation to help our more unfortunate neighbours and to make sacrifices if necessary to do so. Consequently we shall support the government to the limit in that regard. But we must remember that we cannot raise the standard of living of our people without higher consumption at home.

The second factor to which the minister looks for maintaining employment and production is private investment for capital purposes. It would be strange indeed, Mr. Speaker, if there were not heavy capital expenditures at this time, in view of the fact that very little was expended on durable goods during the war. The minister and the government should be aware, however, that under our present economic system the production of capital goods and money capital has a pronounced habit of outrunning opportunities for investment. I think it is correct to say that every major depression in the last fifty years and perhaps for longer than that was brought about by the drying up of opportunities for investment. Such situations were incorrectly attributed to overproduction. It is also a patent economic fact that the openings for new capital on a world-wide scale are decreasing—that is, leaving aside the result of war devastation—while the means for creating new capital are constantly increasing. The speed with which we found the capital needed for war production is ample proof of that assertion.

The minister himself is not at all hopeful that the investment of new capital on a large scale will continue very long. Commenting on retardation in the construction industry because of shortages of material and skilled labour he said, as reported in *Hansard,* at page 2903:

> It is to be hoped that this industrial and commercial expenditure that cannot readily be made now will be deferred a year or two, when it will help in sustaining high levels of employment and incomes after other temporary stimulants are less strong.

The use of the word "stimulant" here is appropriate, because the whole idea seems to be to keep the economy going by means which can no longer maintain healthy economic conditions, regardless of how effective they may have been in the past. This sort of shot-in-the-arm method does not and cannot meet the situation to-day. May I say that the minister has every reason to be apprehensive that in a year or two other stimulants will be necessary for even the partial functioning of our economy. I share his misgivings, and for reasons which I am sure he knows.

Early in the war the government appointed an advisory committee on reconstruction. It was commonly known as the James committee because of the name of its chairman. This

committee reported in 1944 that under full employment conditions the annual savings of the Canadian people would be about $1,500 million. With savings at this level, the report said, full employment could be maintained only if the $1,500 million were actually invested, used to buy capital goods, that is plant, machinery and such capital material. What are the prospects that we can invest so much? I do not think they are very bright. Mr. J. R. Beattie, of the Bank of Canada, writing in the *Canadian Journal of Economics and Political Science* in August, 1944, stated as follows:

(a) that even the tremendously rapid industrial expansion during the war had not involved more than one billion dollars of capital expenditure, public and private, in plant, equipment and housing in any one year;

(b) that though electric power is a heavy capital-using industry, its total pre-war investment in fixed assets was less than $1,500 million;

(c) that one year's saving at the rate of $1,500 million a year would cover the cost of all the residential housing in Canada built in the twenty years from 1917 to 1937;

(d) that $1,500 milllion would cover nearly half the total fixed capital investment in Canadian railways;

(e) that even the building of a new industry comparable to the pre-war automobile industry would absorb less than three weeks' saving at the rate of $1,500 million a year.

These are impressive figures and, coming from a source so close to the Minister of Finance, he has no doubt heard them before.

A later survey of post-war investment plans of private industry is contained in the Canadian Bank of Commerce monthly *Commercial Letter* for January 1946. The letter surveys all the available material on pre-war investment, takes into consideration expenditure on new equipment which has been postponed because of the war, and makes an estimate of the total prospective investments of private firms and corporations, publicly owned transportation, hydro and telephone systems, and government highways, from 1946 to 1950. The estimate includes everything — lands, furnishings, machinery and all other equipment. This is the finding: city and town homes, $750 million; business building (warehouses, stores, theatres, hotels, garages, office buildings), $250 million; industrial and mining, $1,000 million; public utilities, $350 million; transportation (highways, railway equipment, airports, waterways), $400 million; farm improvement and extension (buildings, machinery, implements, rural electrification), $350 million; making a total of $3,100 million for the five years. This works out to an annual outlay of $620 million, less than half of the James committee's estimated savings under full employment.

There is a still later survey, one, by the way, made public on June 27, the day the budget was introduced. The Minister of Reconstruction (Mr. Howe) released the result of a joint survey of the investment intentions of private industry for 1946, made by the Department of Reconstruction and the dominion bureau of statistics. The survey includes private industry and public utilities with plans for expenditures on new construction and improvements, new machinery and equipment for 1946 as follows:

Manufacturing	$400,000,000
Mining	25,000,000
Woods operations	10,000,000
Central electric stations	75,000,000
Telephones	50,000,000
Transportation (Airports, highways, railway equipment and waterways)	140,000,000
Total	$700,000,000

The release pointed out that there is an additional amount of $500 million mainly for residential, institutional and commercial construction. This will make a total of $1,200 million. But this investment, even if it were realized—and the Minister of Reconstruction said it is not likely to be realized—would fall short of the amount mentioned in the James committee's report.

In my opinion, and in the opinion of the party for which I speak to-day, if the present government is to prevent unemployment there will have to be investment on a scale much greater than private enterprise is prepared for. What does the government then propose? How is the gap to be bridged? Nothing is proposed? There is no bridge. Export trade, private enterprise, and the spending power in the hands of the public; that is all that is proposed. The country that can plan so well for war is left in peace time to the blind blundering of private enterprise.

Here I should like to quote briefly from the Bank of Canada report for 1943, dated February 10, 1944. The governor of the Bank of Canada had this to say:

> The magnitude of the adjustments which Canada will face in maintaining high employment after the war can be indicated in simple terms. In 1939 about four million Canadians were gainfully occupied and at least 300,000 who were available for work were not employed.

In other words, they were unemployed. I continue:

> By the end of 1943 the gainfully occupied population had risen to approximately 5,100,000, but about 1,900,000 of these were engaged in the armed forces, in supplying the weapons of war, or in producing the food required for special war-time exports. The number available to meet civilian needs had therefore fallen to about 3,200,000, but at the same time the average standard of living had risen materially and was probably higher than it had ever been.

This increased output of consumption goods by a smaller working force can be accounted for in part by longer hours of work, favourable crop conditions and the abnormally small number now employed in private capital development and maintenance work. Another important factor, however, has been the improvement in production techniques worked out under the stress of war.

What are we to expect after the war? This is what he says:

After the war, some of those who are now employed will voluntarily withdraw from the working force, and the armed services may be maintained at a level considerably above their pre-war strength. It seems likely however that at least 4,700,000 workers will be available for employment in civilian jobs, or at least 1,500,000 more than the number employed in that sector of the economy at the present time. A working force of this size, at present rates of efficiency, will be able to produce a vastly greater volume of civilian goods and services than Canada has ever known before. By the same token, a vastly increased volume of consumption and capital development will be necessary if this output is going to be fully absorbed and high employment maintained. The adjustments required will clearly be of unprecedented magnitude, and bold planning on the part of labour, farm and business organizations, as well as governments, is urgently needed.

I see no sign that there is any bold planning. Industry says, let the government keep out of business, but there is no indication that industry is willing to plan on the magnitude that will meet the needs of the people with this tremendous power in their hands. The government hesitates between letting industry do it and doing something itself, and it does nothing.

In two or three sentences I wish to draw to the attention of hon. members what I consider to be the imperative implications of the situation confronting us. It is this: if the products of industry are not consumed as either capital or consumer goods, unemployment is sure to develop. If private capital cannot or will not make the necessary investments—and they have never been able to do so—then there are only two alternatives for this government: either to permit production to slow to a stop, or else to take effective steps to increase the consumption capacity of the people, and particularly of those in the low income brackets.

We cannot forever continue to make investments at even the present rate. That, however, should not be something to fear or worry about; it should be something to look forward to with pleasure, because it should mean that we can at last have more of the good things of life.

In case my time should run out I wish to move an amendment to the amendment, seconded by the hon. member for Melfort (Mr. Wright):

That all the words in the amendment after "the calendar year 1946," be struck out, and the following substituted therefor:

(1) by raising sufficiently the exemptions of those in the lower income brackets;

(2) that the budget fails to provide for the investment of public funds to bridge the gap between anticipated private investment and the total national investment required to assure a high national income and full employment;

(3) that the budget fails in the new offer to the provinces to provide for social security measures which will achieve a reasonable standard of economic security for all Canadians;

(4) that the budget fails in its tax proposals to recognize the principle that cooperatives are non-profit-making organizations.

This brings me to the third factor or stimulant or hope mentioned by the minister as an offset to the decline in war expenditures. At page 2903 of *Hansard* the minister is reported as having said:

The third offset to the decline in our war expenditures has been a substantial increase in the expenditures of consumers. At present a great many consumers have on hand large reserves of savings which they accumulated during the war, and some of which they wish to spend when the goods they want become available.

That there are large reserves of savings in the hands of Canadians is quite true, but there is not nearly as much in the hands of the people who are eager to spend it on consumer goods as we are sometimes led to believe. Savings deposits in the chartered banks are perhaps our best criterion as to what people have to spend, and also as to the people who have it to spend. A return of classifications of loans and deposits in the chartered banks as at October 31, 1945, shows that at that date 5,616,712 depositors had total savings of $2,991 million, and to-day the deposits are some $400 million greater. Let me analyse those figures for a moment. It will be remembered that I gave the number of depositors as 5,616,712. Those with $1,000 or less on deposit numbered 4,968,655, so that nearly 5,000,000 of the 5,616,712 had $1,000 or less. They had an aggregate of $862 million, or an average of $173.50 each. So we see that the greater number of the Canadian people have very little to spend. As a matter of fact I could give figures to show that the great mass of the people have no savings at all. I would like to examine the other categories, but I shall mention only the last one. There were 819 deposits in excess of $100,000, totalling $347,798,839, or an average deposit of $424,662. These are the people who have money to spend, but they will not be spending it on consumer goods. They will be spending some of it on luxury goods and some on investments, if they can find a place to invest it. I should be very glad if the house would allow this table, taken from the report, to be included in the record.

Some hon. MEMBERS: Agreed.

Mr. MacINNIS: The table is as follows:

Savings Deposits—Chartered Banks of Canada—as at October 31, 1945

Size of Accounts	No. of Depositors	Aggregate Deposits	Average Deposits
$1,000 or less	4,968,655	$ 862,261,212	$ 173 50
$1,000 to $5,000	584,182	1,142,894,098	1,956 00
$5,000 to $25,000	59,971	496,976,622	8,287 00
$25,000 to $100,000	3,085	133,405,289	43,243 00
In excess of $100,000	819	347,798,839	424,662 00

Of course I am aware that this is not all the savings in the hands of the people. A considerable number of the victory bonds sold are still held by the people who bought them, but I should be very much surprised if an analysis of victory bond holdings would be materially different from that of saving deposit accounts. In this regard a comparison of the figures for the two victory loans floated in 1945 is significant. The minister placed them on record in his budget speech. Though $431 million more was raised in the ninth victory loan than in the eighth loan, there were 230,639 fewer subscribers to the latter loan. This shows that with the end of the war the ability of the workers to buy bonds or to save had diminished rapidly.

In view of all this, the party for which I speak deeply regrets that the Minister of Finance did not see his way clear to raise the exemptions on the lower incomes to at least $1,000 for single persons and $2,000 for married persons. The minister said that raising the exemptions to $750 and $1,500 had taken between 550,000 and 600,000 persons off the income tax rolls. Nothing more need be said to show how shamefully inadequate our low incomes really are. People in those income brackets cannot live decently. A study of the tables appearing on pages 2916 and 2917 of *Hansard,* showing the percentage of the proposed 1947 taxes, would seem to bear out the truth of the biblical dictum that "to him that hath shall be given and from him that hath not shall be taken away even that which he hath." It cannot be said too often that the taxes one pays must be measured in terms not of the amount paid but of the amount left after the tax has been paid. If an individual has paid only a dollar he has paid too much if he has not enough left for himself and his family to live in decency. On the other hand, if a person has paid $10,000 in taxes he has not paid too much if he still has sufficient left for a decent living. Raising the exempt income from $660 to $750 for single persons, a paltry $90, is totally inadequate at a time of rising living costs. It is not only inadequate; it is a shameful condition.

The minister mentioned that this exemption was somewhat higher than in Great Britain, New Zealand, the United States or Australia.

[Mr. MacInnis.]

I have not time to go into these figures, but in the case of New Zealand he pointed out also that there was a national defence tax and a social security tax amounting to ten per cent. That would make the rate of taxation on the lower incomes pretty much the same. But I wish to point out that in the case of New Zealand—and I believe this is also the case in Australia and will be the case in regard to Great Britain—the whole of the social security tax goes back in benefits to the people. In New Zealand the social security fund is not based on actuarial considerations. The whole of it is paid out each year, and if it is not sufficient to meet the benefits provided the balance comes from consolidated revenue. Let me point out again that the whole of the 7½ per cent social security tax goes back to the people in free treatment in public hospitals; free treatment in mental hospitals; free treatment in maternity hospitals; free medical attention; free medical and surgical appliances; sickness benefits of £4 weekly if the husband is ill and £2 weekly if the wife is ill; unemployment benefits of £4 a week; universal superannuation at sixty-five years of age at £50 for man and wife without means test, which amount will increase by an additional £5 each year until it amounts to £4 weekly or £208 yearly, or, in the alternative, £4 weekly for life at the age of sixty years for man and wife, with a generous means test. It also includes permanent invalidity pension for the husband of £4 a week; permanent invalidity pension for the wife of £2 a week. If the husband dies the wife receives £2 a week. If both parents die the orphan children are entitled to receive up to 15s. 9d. each, and there are a number of other benefits in return for the social security tax. But over and above that, every family of four in New Zealand is guaranteed by the state that in all circumstances their yearly income will not be less than £260, less social security and national security taxes. That is an altogether different situation from what we have in Canada. A person who receives an exemption of $750—or of $1,500, as the case may be—will have to pay for nearly all these things which, in New Zealand, they get because of their tax.

Living costs are generally higher for single persons than for married persons. We believe that an exemption of $1,000 for a single person is not too much. May I say, further, that an exemption of $1,500 for married persons is far too low. The welfare council of Toronto in a study of the cost of a standard of living which would maintain a standard of—and these are their words—"health and self respect" for a family of five, at 1944 prices, found that it would require an income of $1,864 a year. Let me repeat that that was at 1944 prices. To-day's prices, as everyone knows, are much higher.

A single person receiving an income of $850 will benefit to the amount of $27 under the new proposed tax. That is the benefit which will be received in 1947. However, a single person in receipt of an income of $5,000 will benefit to the extent of $246—and the higher the income, the greater the benefit.

What is the sense of taking $22 from a person with an income of $850 and giving a person with an income of $5,000 a benefit to the extent of $246? Or, to put it another way, a person with an income of $5,000—

Mr. SPEAKER: Order. I am sorry to interrupt the hon. member, but he has spoken for forty minutes. He would not be permitted to continue without unanimous consent.

Some hon. MEMBERS: Go ahead.

Mr. MacINNIS: On a point of order, I call attention to the fact that only a few weeks ago in another debate you stated, Mr. Speaker, that an amendment to an amendment of this nature was a new motion of want of confidence. On that occasion Your Honour after making that ruling allowed the Minister of Agriculture (Mr. Gardiner) to speak for more than forty minutes. If the ruling was good then, it is good to-day. I should not be placed in a position where I am allowed to continue only through unanimous consent of the house. I submit I should continue, by right, under Your Honour's ruling.

Mr. SPEAKER: I call the hon. member's attention to Beauchesne's third edition, page 93, paragraph 220 where it states:

> An amendment to the address in reply to the speech from the throne is a motion of "no-confidence"; so is an amendment not accepted by the government on the motion for the Speaker to leave the chair for committee of supply or ways and means. But a sub-amendment (as the amendment to the amendment is usually called), is not a new motion of no confidence; it is intended to strengthen or weaken the amendment to which it must be relevant and upon which it is dependent. It does not entitle a member to speak longer than forty minutes, this privilege having been already exercised by the mover of the amendment.

I suggest that the rule is clear, and unless the hon. member has unanimous consent I shall be obliged to ask him to take his seat.

Mr. BRACKEN: I express no opinion on the point of order. But if the hon. member is permitted to continue, he may do so without any protest from this section of the house.

Some hon. MEMBERS: Go ahead.

Mr. MacINNIS: May I point out that what you read, Mr. Speaker, was in the rules at the time of your other ruling. It was because the other ruling was made that I prepared to speak at this length.

I should like to know where I stand on the matter, not by consent but by my rights as a member.

Some hon. MEMBERS: Go ahead.

Mr. MacINNIS: A person with an income of $5,000 has left, after paying his tax, the sum of $3,548, or more than four times the income of the man in the $850 class. Surely this is not equitable treatment. The human needs of the one are the same as those of the other; and the state, when in need of their services, demands the same service from each. Then, again, the second largest number of taxpayers is in the class between $1,000 and $2,000. In this reference I quote from the publication "Taxation Statistics" issued by the Department of National Revenue. The figures for 1941 show that the number of taxpayers in the income class from $1,000 to $2,000 was 386,862. Their total assessed incomes amounted to $554,305,999. Their total tax was $25,042,082. The income left after the tax paid amounted to $519,000,000, or an average income of $1,407 per person.

Persons paying tax on incomes of $50,000 and over numbered 506. Their total taxable income was $47,264,266 and the total tax paid was $26,675,253. This left these 506 individuals with an average income, after tax was paid, of $40,689, or an average income nearly thirty times as great as that of the average person in the $1,000 to $2,000 class.

Surely the thing to do, if we want to improve the standard of living of all our people, and at the same time ward off a depression, would be to allow higher exemptions—say $1,000 for single persons, $2,000 for persons with dependents—and leave the tax on all incomes over $3,000 as it was.

In concluding his budget speech, the minister referred to the cooperation of effort achieved during the war, and said we could achieve the same results in peace if we would but select our objectives and cooperate to reach them with the same spirit and energy that made our war effort possible. I agree with the minister

entirely. I wish we could select our peacetime objectives and cooperate to attain them as we did during the war. But I am positive that we cannot do so, as long as there is the great difference in the reward of effort that I have just shown. Neither can we get the cooperation of all our people as long as the motive underlying production is personal gain.

I am glad that in what I am now to say I can commend the minister. We wish to commend him for the decision to make agreements with those provinces which are ready to enter into an agreement with the dominion. It is in our opinion the correct thing to do, and I am sure it will receive the approval of the great majority of the Canadian people.

When speaking in the house on June 27 at the close of the minister's speech, the hon. member for Muskoka-Ontario, who finished his speech to-day, accused the government of using the big stick on the provinces. Without wishing to get into the controversy between the two hon. gentlemen in this matter, and without wishing to absolve the federal government from all blame for the failure of the dominion-provincial conference, I just want to say that the big stick was first used by little fellows, at least by fellows who are little as compared with the dominion government. I refer to Premiers Drew and Duplessis who, by their refusal to cooperate with the other provinces and with the dominion, showed a complete disregard for Canadian unity and for the welfare of the Canadian people.

We regret, however, that the minister did not see his way clear to include contributions for a social security programme in his proposed agreement with those provinces wishing to enter into such an agreement. The backward provinces will hold back in the matter of social security as they did in the matter of old age pensions, but there is no reason why the people in the more progressive provinces should be penalized because of the backwardness of others.

In regard to another important matter in the budget, the taxation of cooperatives, it is not my intention to do more than merely refer to it. Further criticism or commendation, as the case may be, I shall leave to other members of our group who know more of cooperatives and their usefulness than I because of active participation in them. While the proposed legislation is not all bad, some of it is bad. The minister seems to have taken the position that there are no non-profit cooperatives. That is not the case. Cooperatives built on the Rochdale principle are truly non-profit making and, moreover, they are the most democratic form of economic organization yet devised. It would be unfortunate if anything that the Canadian parliament did at this time had the effect of retarding their growth or limiting their usefulness.

I want to conclude as I began with a personal reference to the work of the Minister of Finance. In the difficult years which we have come through he has given service to the people of Canada of a character and in a measure which, in my opinion, deserves the approbation of all Canadians. He has given us of his energy and ability without stint. As one who recognizes his ability and believes in his integrity I would urge him to continue his work for the Canadian people in the only way it can be useful to them and satisfying to him, that is, by looking forward to the new world which is in the making and not backward to the old world which, if not dead, is dying.

In that direction alone lies salvation, not only for Canada but for the world. The cooperation which my right hon. friend referred to in the closing words of his budget speech, and which I agree is not only desirable but imperative if we are to meet effectively the challenge of our time, is not attainable in a society based on competition. Such harmony of effort can be found only in a society based on cooperation and equality of opportunity.

Mr. SPEAKER: I should not like the hon. member to have the impression that if I let him speak for more than forty minutes it was because he was entitled to do so. I did that because I understood there was no objection from the house.

Mr. SOLON E. LOW (Peace River): Mr. Speaker, I thought I detected in the speech of the hon. member for Muskoka-Ontario (Mr. Macdonnell) some anxiety lest those of us in the house who advocate monetary reform have lost sight of things and had emphasized only the need for more money. To reassure my hon. friend, let me say that as he learns more about social credit principles he will see that for more than twenty years we have emphasized consistently this fact: money without goods is useless. We have also emphasized its necessary accompaniment: goods without money is stupid. I noted that the hon. member for Muskoka-Ontario referred to the budget as a monumental document. I thought I detected in his tone of voice a conviction that he thought it marked the place where the Liberal party had committed suicide. If that is a correct implication, then I share it definitely.

I must say that the actual building of a budget is a gigantic task. Now that it is finished and now that tributes have been paid

to the right hon. Minister of Finance (Mr. Ilsley), well deserved I am sure, I suggest that the minister should take a year off. It looks to me as though this is the year for his sabbatical leave. During that leave he should subject himself to some refresher courses. It is always recognized that the hard-working professor in the university cannot possibly keep pace with the things that are going on around him, immersed as he is in his studies and experiments and research. He often finds himself in need of a new objective approach to the field in which he is working. In my judgment, the Minister of Finance likewise is much in need of a new objective view of things in Canada. If he should by the merest possible chance take my advice and set out for refresher courses I suggest that he visit the country of Belgium and see what they are doing there to distribute goods.

As the minister possibly knows, for many years Belgium has been the stronghold in Europe of orthodox finance. I am advised on good authority from overseas that within six months of its liberation Belgium had made an astonishing economic recovery. In the light of world conditions she could not be said to be in the doldrums; she was relatively prosperous. The recovery was due in the main to a new financial policy, more particularly to the introduction of debt-free consumer credits. Instead of financing the production of goods for export and instead of having the goods the people need sent to other countries on an "export or die" policy which is so much in vogue throughout the world, the Belgian government is ensuring that the home market is so financed that the people might enjoy the benefits of their own productive capacity.

In order to raise the total purchasing power of the people to equal the total prices of the consumable goods produced and imported, the Belgian government has declared a national dividend to all people who, by their work, directly or indirectly, are contributing to the national wealth. Extra amounts are given for each dependent who is not employed, and also to pensioners. The principle behind the scheme is one of simple justice, which I hold should be recognized by the government of Canada—that wages and ordinary incomes are barely sufficient to enable the people to meet the everyday expenses of living. They are not in the position to replenish their wardrobes, to buy furniture and the household equipment, and new homes which have been destroyed during the war.

The budget was a great disappointment to millions of Canadians. People who, during the long years of the war, worked so willingly and well and who made such great sacrifices as did the Canadians, expected much more consideration from the government now that the shooting part of the war is over.

I must admit that the budget did provide some relief for taxpayers. I want to congratulate the minister upon providing that farmers and fishermen may average their income for a period of three years for income tax purposes. This, in my judgment, will be hailed with considerable satisfaction by the basic producers of our country in these particular fields.

Corporations also are to benefit considerably under the new schedules. This, too, is to be commended, particularly if it results in an all-out effort by productive corporations to speed the production of consumer goods to meet the demands of the Canadian people.

We must also compliment the minister on his expressed determination to revise and simplify the whole income tax act. Undoubtedly such a move will cut materially the cost of tax compliance.

The general opinion of people across Canada seems to be that the increase in exemptions announced by the minister in his budget speech for individual taxpayers is much less than the great majority of Canadians thought they had reason to expect this year. We had all held out the hope that the government would relieve the Canadian people in a substantial measure from the terrific burden of taxation they have been carrying since the early months of the war. Our hopes received a rude jolt, however, when the minister brought in his budget. The people of Canada also received a rude jolt when they found they could expect no relief at all this year; that the benefits announced would not begin until January 1, 1947. One hears bitter criticism on every hand. People say: "The increased taxes and enhanced prices have dwindled our real incomes to half or less of what they were before the war. We expected the government to announce enough reduction in our burden to arouse enthusiasm amongst us for hard work to produce the great volume of goods and services needed to prevent inflation in Canada and to help to prevent suffering in war-ravaged countries of the world. We are having a terrible time to keep up with the high cost of living, and after all the effort and sacrifices we made to ensure victory in the war, we thought the government would recognize our contribution by lightening our burden."

The minister says that it is still necessary to raise very large amounts of revenue. If one may judge by the commitments the government has made, that may possibly be true. If the minister is absolutely convinced that he

needs the revenue now to meet the commitments of the government and to prevent inflation, then I make the suggestion that he should have met the demands of the people for exemptions on incomes of married people up to $2,000 and of single persons up to $1,200 by the issuance of tax bonds representing the amount of the tax in excess of the exemptions announced by the minister and up to the exemptions demanded by the people. I would suggest that these tax bonds could very well have been made redeemable a year hence, when the floodgates of production are once more wide open, and the supply of consumer goods is adequate to prevent inflation. It would be only fair and just to do something of this kind for people in the lower income groups. Hundreds of thousands of them have not been able to replenish their clothing supply or their household furnishings during the war. High taxes and high prices have prevented it. Hundreds of thousands of them knew nothing but poverty for years before the war started, in the years just prior to the war, and from present indications these same unfortunate people will be unable to replenish their deferred needs for many years to come, if at all. Therefore I feel that the minister should have given them a chance to enjoy at least a little of the prosperity that other groups have known at various times in past years, by raising the effective exemption to the figures which I have already mentioned; and they should have been made to apply from July 1, 1946, not as from January 1, 1947. I am certain that had he followed the principle of tax bonds to make up the difference in the two exemptions, and had the exemptions applied as from now, there would have been many thousands more satisfied people in our country, and it would not have hurt the government one particle. I would suggest—and with emphasis—that it is not yet too late to make the concession, and perhaps to retrieve in some measure the good will of many Canadians.

I am not convinced that the departments of the government have made anything like an effective transition from wartime to peacetime spending. It is my judgment that considerable savings are yet possible, savings that could result in a lowering of the tax load on the people. Time will permit me to mention but one specific case among possibly hundreds of foolish or needless expenditures by various departments. One could name such things as needlessly overloaded staffs in some branches, notably defence and others. The case I wish to mention particularly is publicity. There is ample evidence to show pure unadulterated waste of the taxpayer's money, running into very large amounts, on foolish publicity.

[Mr. Low.]

Let me give just one example. Recently the Department of Trade and Commerce sponsored a series of advertisements in newspapers and magazines on the theme, "one-third of your dollar", which attempted to show the proportion of the national income conservatively estimated as earned, directly or indirectly, by export trade. The series is to cost about $22,000. That is almost a complete waste of money, and is almost as stupidly foolish as spending money to crash mosquito planes and to bring Hollywood movie stars to Canada to sell bonds to a people already having a full sense of their responsibilities.

The Department of Trade and Commerce could have better spent their money in an effort to awaken interest amongst Canadian manufacturers and business men in expanding imports. J. B. Carswell, former president of War Assets Corporation, and now a business consultant in Washington told a Canadian Manufacturers Association meeting about a month ago that the theory of exports exceeding imports, creating a favourable trade balance was outdated; under present circumstances, he said, it is a most unfavourable theory. He emphasized the need of a sharply awakened interest in the necessity of balancing exports with imports. I suggest that not only is the expenditure of $22,000 for the series of "one-third of your dollar" advertisements a wasteful thing, but it also attempts to indoctrinate Canadian people with at best a half-truth. Close examination of other publicity expenditures of the government would doubtless yield a good many other extravagances of a wasteful nature.

The whole tone of the budget speech seemed to imply that the minister is not at all hopeful that a high level of taxes is avoidable for years to come. With this I can thoroughly agree unless something jars the government loose from the money monopoly system they have persisted in following in public finance. Debt, high taxes, poverty, money control in scarcity, are all parts of the money monopoly racket. They are all parts of what appears to be a widely organized conspiracy to grind down to abject subservience the individuals who make up the ordinary people of any country.

The military war is over, but huge debts and high taxes remain with us as reminders of man's stupidity. It is becoming clear that our mounting national debt can never be paid by taxes alone. Therefore, if the people are ever to become free, some new financial technique will have to be applied. The starting point of that new technique should be an abrupt end to the pyramiding of debt, for debt is the main reason for high taxation.

One could enumerate many evils of high taxation, amongst which would be such things as discouraging production, elimination of private enterprise, economic slavery, impoverishment of the people and a good many others. I have not time to deal with those here. But I want to emphasize one other evil which is rarely considered. I refer to the softening of the moral fibre of the people as the growing power of taxation transforms a social government into an anti-social state. Here, step by step, is my idea of the process of deterioration which takes place:

First, as more of the individual's production is taken by the state, the less he has for his own enjoyment, and the greater effort he must make to maintain himself or to better his circumstances.

Second, as ever-increasing portions of the production of his own efforts are taken from him in taxes, the more the dignity of the individual disintegrates under the hammering of want and the fear of it. On the other hand, the power of the state grows greater in proportion to the wealth it absorbs through taxation.

Third, as economic power is thus transferred from the individuals to the state, the individual very often is pressed by circumstances into bargaining for some of what was properly his by right of production. In the bargaining process he is often forced to surrender what have been considered his inalienable rights for a hand-out from the state. The hand-out may be relief, unemployment insurance, a place on the public payrolls, or a subsidy of some kind. But whatever it may be, the uneven bargaining demonstrates that the non-productive state has gathered economic strength and political power through taxation authority, while the productive individual has become a supplicant with cap in hand. Moral disintegration has followed inevitably upon the heels of high taxation. We saw the ultimate of this disintegration of the individuals in Germany, Russia, Italy, and Japan where the power to tax made a shambles of all property rights. For further evidence we might look into the history of the fall of the Roman empire. I repeat, the power to tax is the power to destroy human dignity. Unless that power is used wisely and with restraint, it will destroy the moral fibre of a people. We are witnessing that very result in a measure to-day. Never before has the government of Canada been so nearly the all-powerful state. Never before has so large a portion of the wealth produced by individual Canadians been confiscated by the state. And what seems to me to be more ominous still, is the growing public acceptance of the doctrine that high state taxation is an instrument for social good. For this we can thank that brood of theorists hatched out of the Marxist cesspool. The work of the missionaries of state paganism has been pretty thoroughly done; we now witness that it fills a righteous purpose to be robbed.

Continued high taxation is not necessary. The people of Canada must organize themselves for a determined and sustained effort to force a lowering of the burden. A united effort to this end will bring the minister and the government face to face with the necessity of a new approach to public financing, a new technique that will eliminate the debt-creating feature of the present system we have been following. It is largely because our system breeds debt that high taxation is resorted to. On the other hand, continued apathy on the part of the people will result in continued high taxation, with an ever-increasing proportion of the national income flowing in to strengthen the economic and political power of the state and an ever-growing tendency to Marxian paganism.

An examination of the budget papers will show that in 1945-46 the government confiscated by way of taxes 20·68 per cent of the estimated gross national product of the people. In 1939 only 9·8 per cent of the national income was taken for taxes. Past experience has indicated that Canadians can never again expect to reduce their burden of taxation to the 1939 level unless we get rid of the monopoly of credit which has usurped the powers of government. Last year taxes made up about seven-ninths of the total revenues the government received. All this taxation was paid in increased prices of goods and services; this is one of the main factors that make up the disparity between purchasing power and prices, and contributes to a periodical break-down of distribution machinery. Depressions in future will be inevitable if we persist in a public financial policy which levies for huge sums of confiscated money to pay interest on counterfeit money in the shape of bank credit.

I turn now to a consideration of the main reason for high taxation—the national debt. The budget disclosed that Canada's funded debt has reached the staggering total of $16,807,000,000 as at March 31, 1946. A study covering the period 1918-1939—the inter-war or peace period—reveals that the total debts of all the governments in Canada increased each year by an amount approximately equal to the interest on the debts for the year. Thus is cannot be said that Canada in reality ever paid the debt interest even in times of peace; and much less in times of war.

The largest single item in the present budget is that one covering the interest and servicing of the public debt—$481,207,000 in round figures. This huge sum is nearly equal to the total of all ordinary governmental expenditures for the year 1938—$525 million including debt servicing—and is the main reason for the heavy tax load. Until we enter upon a policy of continuous debt and interest reduction, taxes will never find a permanently lower level. The government should make an immediate start on such a programme by asking the chartered banks to hand over to the Bank of Canada all government securities purchased by the banks with created credit or by credit expansion. This should be followed as soon as possible by the removal of the flaws in our money system. Tax reduction could follow immediately thereafter, because the interest loan would largely and progressively disappear.

At six o'clock the house took recess.

After Recess

The house resumed at eight o'clock.

Mr. LOW: When the house rose at six o'clock I was dealing with the question of taxation, and I suggested with emphasis that the government should introduce a policy of tax reduction, but before they could do so they would have to tackle the debt problem realistically, because the largest single item in the budget was for debt interest. I should like to say that I am quite aware of Mr. Towers' argument that interest should be regarded as a transfer between various groups within the country rather than as a burden on the people as a whole. Whether there is anything sound in that argument or not will depend on just where the $16,800 million of bonds and securities representing Canada's funded debt really are. Who holds these securities? I venture the opinion that people generally would be very much surprised to find out just who does own the vast bulk of these securities.

The Minister of Finance (Mr. Ilsley), in commenting on the third of four powerful influences offsetting the decline in government war spending at the present time, said in his budget address, as reported at page 2903 of *Hansard*:

> At present a great many consumers have on hand large reserves of savings which they accumulated during the war, and some of which they wish to spend when the goods they want become available.

I know that a good many Canadian business men are anticipating a fairly long period of prosperous turnover once consumer goods again become plentiful. It appears that the government is quite optimistic over the anticipated fairly long-term increase of consumer spending which is expected to offset government spending in keeping up the volume of production and in giving work to people in Canada. The big question is, is this optimism justified? The answer here again also depends largely upon the distribution of ownership of the large reserves of savings deposits in the Canadian chartered banks.

I noted with a great deal of interest the results of a recent experimental study prepared for the federal reserve board in the United States by the national interview survey division of the department of agriculture, and published in the June issue of the federal reserve bulletin. The survey revealed the following facts:

1. At the end of 1945, personal holdings of liquid assets in the United States, composed of currency, bank deposits, and government securities amounted to $130 billion. This was an increase of $90 billion since 1939.

2. The top ten per cent of the American people held sixty per cent of the $130 billion.

3. The bottom fifty per cent of the American people hold only three per cent of the liquid assets, or less than $4 billion.

These facts appear to be of great concern to United States businessmen who must measure immediate future prospects for selling consumer goods. The survey indicates that while there is a vast potential reservoir of spending power in our neighbouring country, the actual spending power is tremendously concentrated; and further, that the ability to continue to buy goods at current inflated prices is a luxury which hundreds of thousands of United States families just do not possess, even after five years of war boom.

It is coming to be widely accepted that depressions occur largely as a result of the failure of masses of workers and others throughout the country to get incomes to enable them to consume the goods which they produce. I would point out, too, that if mass production methods are to serve the people in this age they must be matched by mass consumption. We must have a nation of consumers, of good customers. Have we them in Canada? I believe that the government should at once, if they have not already done so, undertake a similar survey in Canada to determine accurately just how the liquid assets of this country are distributed, and this survey should be made available to the people. Industry needs to know just how far it can count upon pent-up war savings to supply it with markets for its goods; and the

government needs to know what measures will have to be taken to prevent the onslaughts of another period of depression.

While the survey is being made, the government should secure accurate information about the distribution of holdings of government securities. The results will be surprising, I will guarantee that, and the facts adduced from the survey will doubtless show that the payment of the huge interest on our national debt is largely a transfer of payments from the majority group in the bottom eighty-five per cent of Canadians to a much smaller group in the top ten or fifteen per cent. In other words, I feel sure that our bond debt financing methods have not only resulted in a tax load of almost unbearable proportions, but also created a small but powerful creditor class in Canada. Both of these results are to be regretted. But if the people of Canada are ever to have the situation corrected they must forget allegiance to political parties for a time and unite in one great concerted demand that taxes be sharply and progressively lowered, beginning at once, and that ways and means be worked out immediately to establish every Canadian in his own rights as a good customer for the things which Canada can produce.

I turn now to the government's modified tax transfer proposals to the provinces. To me it is most regrettable that the dominion-provincial conference should not have been called again to consider the modified proposals before they were announced to the world in the budget address. The ethical position of the senior government would have been improved vastly had an attempt been made to reach agreement of the modified proposals before the budget was brought down. Since the government did not do this, it cannot escape the charge that it has resorted to force, whether that charge is well founded or not. The minister was careful to point out that "acceptance of the proposals is wholly optional", but a careful examination of the alternatives to acceptance leads me to believe that few provinces can find it possible to refuse the minister's offer.

A cursory appraisal of the value to the provinces of the minister's proposals, and the figures which he gave showing the benefits to be gained by the acceptance of the proposal would lead one to believe that the provinces should be quick to accept. Indeed that is what the government would like. But it must be remembered that conditions have changed materially since the wartime tax transfer agreements were made, and therefore the government's figure showing advantages to the provinces of acceptance of the new offer is out of date. Since the ultimate comparative value—say five years from now—to any province is not immediately ascertainable, the provinces will probably do considerable research and balancing of values before indicating their acceptance or rejection of the offer.

I am in agreement with the minister that the budget problems which will shortly face the nine provinces must be solved, and that too, if we are to build a strong and united Canada. A system of adequate, automatic payments, objectively determined, made in return for the rental of an asset is, in my judgment, superior to a system of hand-outs negotiated bilaterally. In recent years we have seen something of the evils, the weaknesses and the abuses of the latter practice. It seems to me much more sensible to adopt the automatic payment principle contained in the minister's proposal to the provinces, but I submit that we should make positively certain of three things: first, that the objective formula for determining the size of the payment to the provinces makes adequate allowance for proper increases in subsidy as time and developments bring greater needs; second, that payments to the provinces include, over and above the $15 per capita set out in the modified proposal, a sum sufficient to allow the provinces themselves to extend to their citizens the same or greater old age pension benefits as were envisioned in the original offer to the provinces. Just as many taxes are involved in the new deal as in the original, hence this will certainly be possible; third, that every effort be made to reach agreement with the provinces as the result of consultation with them. It does not tend toward unity in Canada to have the provinces feel that something is being surreptitiously imposed upon them. In fairness to the minister, I must say that whoever may have been responsible for the failure of the conference—and certainly I am not trying to assess that responsibility myself—in building this budget he faced a situation that did call for unusual action.

A good many more things in the budget are of such importance that I should like to state my views on them, but the forty-minute rule does not permit me to do so and I am not going to ask for an extension of time. Therefore my colleagues of this group will deal adequately with these things so that there may be no doubt whatever as to just where we stand with regard to every important matter covered by the minister in his address and in the budget papers.

But allow me to say two things by way of concluding this effort. I sincerely recommend to the government that legislation be enacted

at this session to prevent retroactive taxation of cooperative patronage dividends. I stand for absolute fairness in distributing the load of taxes that are necessary, but I feel that to make the recommendations of the McDougall commission retroactive in any respect would be a tremendous injustice. My colleagues will deal with this matter at greater length as we go along.

The second and last thing is this. People who have been in the habit of laughing at what they so frequently called the social credit "funny money" system, are now having the tables turned. Every time a social crediter listens to a tale of economic woe, hears predictions as to the oncoming depression, has someone complain to him about taxation or debt, or is asked to donate to the old man's home; or if he hears the prevailing reports of starving millions in other parts of the world and at the same time thinks of the wheat the farmers in recent years were paid not to produce, invariably the retort is, "So that is how your funny money system works, is it?" Social crediters face the future confident that when the people awaken to the true facts they will apply social credit principles to the economy of Canada and help bring abundant happiness, freedom and peace to all men.

Mr. GORDON B. ISNOR (Halifax): Mr. Speaker, I do not propose to follow the reasoning of the leader of the Social Credit group (Mr. Low).

Mr. BLACKMORE: A good thing; you do not because you could not do it.

Mr. ISNOR: Nor do I, as a rule, interrupt as they so often do. I feel, however, that I should like to compliment the leader of that group on the definite manner in which he stated his position with regard to the dominion-provincial proposals. I think I can go farther and say I feel that I am in accord with the thoughts he expressed. I was sorry and a little disappointed that he did not enlarge on his views with regard to the report of the McDougall commission. That is a question with which the Minister of Finance (Mr. Ilsley) dealt in a sincere manner and placed before the people without any thought of favouritism to any particular group. I trust, as the leader of the Social Credit group said, other members of that party will, later on, more definitely express their views in respect to this proposal.

I do not intend, either, to follow the reasoning of the acting leader of the C.C.F. party, the hon. member for Vancouver East (Mr. MacInnis), in his presentation this afternoon. His group differ definitely with this party in regard to public ownership and private enterprise. While they stand for public ownership in the broadest possible terms, in a socialistic manner, I stand for free enterprise because I believe that if we are to produce and continue the prosperity Canada is enjoying at present, it must be through the enterprise and initiative of the individual.

I am more concerned with what was said by the financial critic of the opposition than with the remarks of any other speaker who might take part in this debate; and I imagine that is also the case with the people of Canada. Since the evening of Thursday, June 27, when the Minister of Finance presented his budget, the people have been looking forward to what would be said by the official opposition. Naturally they expected criticism, but I believe they also thought they would be offered some solution for our difficulties, some recommendations of a constructive nature, which might make the picture brighter than it appears to them at the moment. I was disappointed, and I believe that was the feeling throughout the house this afternoon. In fact, as I watched hon. members opposite. I thought I could discern signs of keen disappointment on their part in the remarks of the financial critic, and I believe the same feeling existed in the galleries of this chamber. I make that statement in all sincerity; and I believe that if hon. members of the opposition were to give an honest opinion they would say that was right.

What did the financial critic say? He dealt with the lack of any benefit to the taxpayers of Canada, and then in his opening remarks went on to make the astounding statement that no one would profit from any deductions until they made up their income tax returns for 1948. Surely he could not have thought of what he was saying when he made that statement. I have every respect for the high position this hon. gentleman holds in financial circles in this country, but perhaps because of the high position he occupies he has lost touch with the common people, the man on the street, the ordinary wage-earner.

Mr. ROSS (Souris): Don't ever fool yourself.

Mr. ISNOR: I am expressing that as a possibility, from the expressions and observations of the financial critic of the hon. gentleman's party. Hon. members will recall what he said this afternoon, that no one would benefit during 1947. I say to the house that a very large number of taxpayers at present paying income tax will, immediately, in 1947, be struck off the so-called taxpayer's list. That number runs 550,000 to 600,000.

As I said a minute ago, this will greatly help the low-bracket employee, wage-earner and worker. I am in close touch with the small

businessman—not those who move in high financial circles. I know, coming in touch with these smaller businessmen that they appreciate what the government has done in the matter of giving them exemption, and I pass that information on to the hon. member for Muskoka-Ontario (Mr. Macdonnell). When one considers half a million taxpayers I do not think he can pass over that number lightly.

Then, I would refer to the hon. member's statement that no one would profit by these reductions. I would point out again that an additional number of wage-earners who are paid by the week, who receive their weekly pay envelopes, will, immediately in 1947, enjoy benefits because of the smaller deductions from their pay envelopes.

So I say to the hon. member that, while he may have looked at it from a high plane indeed, he did not view it from the point of view of the average man on the street, the average wage-earner, who does appreciate and understand what this budget means to him.

The hon. member referred to a balanced budget, and I shall have something to say about that later on. Then, he mentioned economies, and said that no steps toward economy were being undertaken.

Mr. JACKMAN: Hear, hear.

Mr. ISNOR: I hear the former financial critic say "hear, hear."

The hon. member for Muskoka-Ontario then dealt with the civil service, saying that whereas before the war there were only 70,000 civil servants, there are 150,000 to-day. He forgot to mention the expanded service rendered by the various departments of government. Surly the hon. member knows that service cannot be given without having sufficient staff. In fact, there has been criticism from time to time that the income tax branch is not sufficiently staffed to give the necessary service. If we are to give that service, then we must have the employees. I do not know if the hon. member was advocating doing away with a large number of civil servants, and thus adding to the unemployment situation.

He referred to the security of private enterprise, and with his comments in this respect I am in accord. I said a minute ago that if we are to have increased production it will have to come largely through that source.

There was one interesting fact the hon. member did not touch upon, and his failure to do so surprised me somewhat. I thought he would dwell at some length upon it, because he had expressed himself clearly on more than one occasion in the house that he, and those he represents, were in favour of immediately doing away with all controls.

Mr. ROSS (Souris): He never did any such thing at any time.

Mr. STIRLING: Never, never. That is a Liberal explanation.

Mr. ISNOR: That is strange, coming as it does from the west. We see the west coming to the defence of Toronto. But I do say the hon. member showed that he defended that principle, and not on one but on several occasions.

Mr. STIRLING: No.

Mr. ROSS (Souris): It is a matter of being truthful about the matter. The hon. member has misinterpreted the hon. member for Muskoka-Ontario three times.

Mr. ISNOR: We shall permit the record to speak for itself.

Mr. STIRLING: That is better.

Mr. ISNOR: Thank you; I agree with that. Since the evening the budget was presented I have read newspaper comments from one end of Canada to the other—Liberal newspapers, Conservative journals, and those expressing independent views. I have listened to comments from men on the street and in streetcars. I have talked to men in hotels, and listened to them in the corridors in the House of Commons. Like the majority of members of the house I have received scores of telegrams, letters and postcards, some of which speak favourably and others unfavourably.

I have received criticism from businessmen who complain about the reaction from a business point of view and state that business has not received as great a reduction as was expected. I am frank when I make that statement, and say that I have received such complaints. I have received from others communications indicating that they expected higher exemptions for both single and married persons. I have received communications from those who favoured the action taken by the Minister of Finance in reference to cooperatives, and from those who were opposed to any change in respect of cooperative methods.

Yes, I know that members receive all kinds of advice and criticism. I am pleased to say that many useful suggestions are received. Roughly speaking, there came to my hand 600 cards and letters recommending that the government apply income taxation on exactly the same basis on all forms of commercial enterprise including cooperatives, crown companies, municipal and government undertakings and mutual concerns Many others also

recommended that patronage dividends and like payments be disallowed as expenses before arriving at taxable income. Still others—a few hundred—urged that the government apply the same principles of income taxation on all forms of retail business, including cooperatives and others.

I have no fault to find with those who signed the cards and sent them to their members. It is their privilege to show that they are interested, and it is through such communications that we learn and keep in touch with the views held by our constituents.

Having said that, may I come directly to the budget, as I see it. As I said, I listened to the Minister of Finance unfold thought after thought and reemphasize that, although hostilities were over and this was essentially a peacetime budget, providing for the financial needs of the first post-war year, which is wholly a year of peace, it also contained certain remaining costs of demobilization, heavy costs for gratuities and other benefits for our veterans—costs which will not recur on a similar scale in subsequent years.

May I ask the hon. member for Muskoka-Ontario whether he is one who would advocate taking those amounts out of the budget, thus lessening the expenditures to be undertaken by the government.

Mr. SMITH (Calgary West): He is not here, but the answer is definitely, no.

Mr. ISNOR: The hon. member answers for him. I could not avoid being impressed by the honest, frank and sincere manner in which the Minister of Finance approached his task. I was proud he was a maritimer; I was equally proud that I, too, am a maritimer. I have been reminded of two other outstanding maritimers who filled this honoured post of Minister of Finance, and who filled it with honour and with distinction. I recall such men as the late Right Hon. W. S. Fielding, who stood so high in the hearts of the people of Canada and who in 1897 presented a budget of $38 million. I was reminded, too, of the late Hon. E. N. Rhodes, also highly respected and honoured, not only in his native province but throughout the length and breadth of Canada and who, in 1932, estimated his budget revenue at $311,735,000. Then, as I sat and listened I made a mental picture of the outstanding contributions made by the Minister of Finance during the war period. I thought of the wonderful effect and achievement of his wartime measures and controls, and the splendid cooperation given to this man by the people of Canada. By that cooperation we in Canada won and maintained the respect and admiration of all other countries.

[Mr. Isnor.]

Surely we as Canadians may justly take pride in the carrying out of our financing and economic policies during the war. If possible, as it would appear to be, we should be ready to bear with a portion of those controls and taxes for a while longer until we are safely on the road to a proper readjustment period.

The federal government fiscal year, as hon. members all know, ends on March 31. While I do not intend to quote figures to any extent, I feel I must mention a few. The total estimated revenue, as shown by the Minister of Finance when he tabled the budget, is around $2,955 million, exclusive of refundable taxes.

The total estimated expenditures are about $4,691 million. There is thus left an over-all deficit for the year of $1,736 million. I mention this deficit of $1,736 million because it is interesting to note that this is $822 million lower than the deficit of the previous year. That is another step in the direction of a balanced economy.

The Minister of Finance then went on to deal with our economic life and stated that to-day we in Canada are more prosperous and farther along the road to reemployment and reconversion than he expected we would be when he presented his budget last autumn. Despite many shortages and interruptions, Canada's economy as a whole has turned with remarkable speed from war services and war to peacetime jobs and objectives. We are enjoying a level of employment and prosperity that we have never experienced before in peace time.

When the hon. member for Muskoka-Ontario came to that portion of the Minister of Finance's remarks he paused and observed, as I recall his remarks, that this was because we were still continuing on a wartime basis of employment. I want to take exception to that remark, and I do so along the following line. When the war ended in Europe a little more than a year ago there were three-quarters of a million men and women in our armed forces. To-day there are only about 100,000. In a little more than a year we have released about 650,000 members of the armed forces to enter into civilian production. A large majority of those people have found employment or are taking university or vocational training or have gone into business for themselves assisted by their wartime savings and the benefits provided by the government. During the same period, but even more suddenly, our workers in war industries have been released upon the labour market. The number of these people is approximately the same as the number of service people who have been demobilized. That is to say, we have 1,300,000 persons who have been sud-

denly taken from one type of employment or service and placed in another to produce civilian requirements.

Canada's present prosperity and employment are, on the whole, well distributed throughout the country. In 1938, one year prior to the war, our national product, which is our current production of goods and services, amounted to $5·1 billion; but to-day, one year after the war, it is estimated at over $11 billion. It is only fair to say that that figure may drop as the result of interruptions to production. The reason for this continued high level of production, employment and income is that the demands of war have been replaced by other demands which are supported by effective purchasing power.

There are three main factors which determine our prosperity and the degree of employment we shall have in peace time. The first is our income from exports. The question of exports was touched on this afternoon by the hon. member and he also placed it as the first factor in the reconversion and prosperity of our country. I put it in the same position. If we are able to produce and export we shall have a prosperous country with the highest type of living standard. The second factor is the private enterprise expenditures which include both skilled and unskilled labour. The third factor is the spending power, or what might be termed the consumers' expenditures. To me production should be our primary objective, both for its own value to our country and to satisfy the need of goods in other countries and as a safeguard against the dangers of inflation.

As a businessman I have done everything possible to hold prices down and to get volume up. The time has arrived when there is no need to restrict production in order to conserve resources for war. Civilian production must be given the green light so that we may aim at high-volume production for civilian purposes despite shortages, strikes, delays and uncertainties and by these measures overcome the danger of inflation and high prices.

Now, a few more figures from this budget. First, the revenue figure of $2,510 million forecast shows that there will be a decline, or saving, of $446 million in the 1946-47 estimate as compared with the 1945-46 figure. On the other side, expenditures show an expected outlay of $2,769 million, or a deficit of $259 million compared with $822 million for last year, or, in other words, a reduction or saving this year of $563 million.

Before leaving these figures I believe I should point out a few facts which have been overlooked by a great many. Personal income taxes will be reduced by $52 million. This item includes the great majority of our citizen taxpayers. Excess profit taxes will be reduced $154 million. This will make additional money available for expansion and production, I hope resulting in increasing employment.

I am coming now to the morning after the night before. The morning newspaper published on the day following the bringing down of the budget, which hon. members will recall was brought down on Thursday, June 27, published heavy type and bold headlines which went something like this: "Disappointed".

Some hon. MEMBERS: Hear, hear.

Mr. ISNOR: I hear "hear, hear." "Low income group fail to get expected relief," and "Tax reductions prove disappointing" and "Ilsley's first peacetime budget gets chill reaction". I am putting these headlines before the house to show how non-partisan I am, how honest I am. I feel it necessary to point out a few definite facts with regard to the benefits and savings which do mean something to the Canadian low-income group of taxpayers. The income tax changes effective January 1 next will mean that between 550,000 and 600,000 persons at present paying income tax will be removed entirely from the list of taxpayers. Let hon. gentlemen opposite say "hear, hear" to that.

Mr. ROSS (Souris): When will they be removed?

Mr. ISNOR: Surely this means something to those in the low-income brackets. It removes at one stroke twenty-five per cent of the present taxpayers.

Mr. CASSELMAN: You mean it will?

Mr. ROSS (Souris): If they live long enough.

Mr. ISNOR: Second, it means that single persons now enjoying an exemption of $660 will be given an added exemption of $90. The married person, whose present exemption is $1,200, will have an added exemption of $300.

Mr. HARKNESS: That will be a great satisfaction in the spring of 1948.

Mr. MACKENZIE: That will be long before the Tories get into power again.

Mr. ISNOR: May I give a few illustrations to show the savings that will be effected:

Single Person

Income	1946 Tax	1947 Tax	Saving
$1,000	$77	$55	$22
2,000	370	313	57
3,000	692	593	99
4,000	1,070	896	174
5,000	1,452	1,206	246

Married Person (No Children)			
$1,000	No Tax		
2,000	$194	$118	$76
3,000	491	383	108
4,000	810	663	147
5,000	1,158	973	185

Yet in spite of those reductions hon. members on the other side of the house say that there is no saving in this budget.

Mr. HARKNESS: It is like one of those delayed action bombs.

Mr. ROSS (Souris): You never know when it is going off.

Mr. ISNOR: It seems very difficult for members of the opposition to restrain themselves and keep quiet, but I notice that the members on this side show respect by keeping silent when an hon. member has the floor.

The hon. member for Muskoka-Ontario referred this afternoon to a balanced budget. During my term of seven years, from 1928 to 1935, as a member of the Nova Scotia legislature, when I sat with the opposition and at another time with the government of the day, I was always keenly interested as a businessman in financial affairs and my interest naturally centred around the budget. I recall that it was my endeavour to emphasize the importance of a balanced budget and the necessity of keeping expenditures in line with revenue. When I was first elected as a member of this house for the constituency of Halifax I continued to follow this course. On the outbreak of the war and during the war our thoughts were more on finding money and using it to win the war and we gave little thought to balancing the budget. But now that the war is over and Canada is embarked on a post-war high employment and reconversion period, I believe it is necessary for all members of the house, particularly businessmen to see how quickly Canada can be brought into a position where she can report a balanced budget.

I was pleased to hear the Minister of Finance, when presenting his budget, say that his 1946-47 budget proposals meant that he was covering nearly 90 per cent of the expenditures and that if we could maintain high employment and income we shall be able to look forward to something like a balanced budget in 1947-48. Like the Minister of Finance I am a great believer in the ability of Canadians to achieve great objectives. This was shown during the war when Canada's achievements won the admiration of all nations. In peace times, with human needs just as urgent, happiness and contentment so essential, and a high standard of living so necessary, cannot we look forward to continued cooperation and unity of purpose in achieving these objectives and devote our energies to reaching them and thus focus the eyes of the world on Canada not alone in war but in peace?

I am going to touch on the subject of controls, which the hon. member for Muskoka-Ontario passed over so lightly this afternoon. I believe the controls which were brought into effect in 1941 are reflected in this budget and have a direct bearing on the financial economy of our country. Modern war requires the full and effective mobilization of a nation's economic resources, and Canada was quick to realize that if this was to be had, steps must be taken not alone to equip and supply the fighting forces but to maintain the civilian population in such a manner as to get the fullest possible cooperation from all Canadian citizens.

Fortunately, so far as financial organization was concerned, though Canada's financial structure was already established and developed before the war, it was felt that with the increased spending power created during the war through accelerated employment and earning power, it was necessary that certain controls should be set up. When one looks back and realizes the benefit which is accruing from these controls I am sure that each and every member of the house will say that these were of direct benefit to our country, and no argument on their behalf seems necessary. Still there are those who to-day advocate doing away with the controls which have helped to make Canada the envy of perhaps every other nation of the world. Taking into consideration the vast amounts which would have been spent in Canada and the greatly increased earnings of Canadians, I think the government was most wise in bringing into being the wartime prices and trade board, "to provide safeguards against any undue enhancement in the prices of foods, fuels, and other necessaries of life and to ensure an adequate supply and equitable distribution of such commodities." Underlying the work of this board has been the belief that if ample supplies were kept available and were controlled, fair and reasonable prices could be maintained and our financial structure maintained on an even keel.

I do not propose to go into all the various control branches that were set up. We are familiar with the steps taken in the appointment of administrators in the major commodity fields. Some of these administrators have been severely criticized, while others have been praised for their work. I personally believe that, taken on the whole, they have performed a worth-while job.

I referred to this matter of control as early as 1942, complimenting the government, because I felt that it would serve the purpose intended, namely to keep prices down. I should like briefly to put on record my remarks at that time, as reported in *Hansard* of July 2, 1942, at page 3893:

I should like to refer briefly to the price ceiling brought into effect by the government, the wage-freezing order and the instalment buying regulations. These regulations for the ordinary storekeeper doing that kind of business were a godsend, and I believe they were a blessing in disguise also to great numbers of people who were subject to high-pressure salesmanship which had been spreading throughout the country. The credit regulations, whereby purchases made in one month had to be paid for the next month, were also beneficial both for the store and its customers. All these regulations have, I believe, made it possible for the businessman or storekeeper to carry on and meet his obligations under this budget.

I may have something to add in this connection when we are dealing with the resolutions in committee.

I have in mind to suggest two or three changes. One deals with the tax as affecting retailers; one, with the tax on soft drinks, and another, with the excise on jewellery. It is felt by jewellers throughout Canada—and I am not a jeweller—that this is a discriminatory and unfair tax. They have repeatedly made representations on this matter, and I understand they waited on the Minister of Finance and presented their brief. They feel that all retail businesses throughout Canada should be taxed on the same plan, and recommend the elimination of this particular tax. I feel, in fairness to retail jewellers throughout the country, that it is an unfair position in which they are placed. They are placed in the position of being the minister's tax collectors, and the door is opened, I feel, for practices which are not always what they should be. I suggest to the Minister of Finance that he take this matter under consideration with a view of eliminating the tax.

I need not remind hon. members of the effect which price control has had upon our country. To-day, if I remember the figure correctly, it is at the highest point since the outbreak of the recent war, but from 1939 up to the present time it has increased to the extent of only 23·5 per cent. When we think of the increase which has taken place to the south of us, and realize the actions which United States authorities have had to take, we can have some realization of the benefit of this particular control.

I had hoped to touch on the dominion-provincial proposals as submitted by the Minister of Finance, on family allowances and their effect on income payments, and more particularly I hoped to have an opportunity of complimenting the minister on his action in spreading the income tax returns for farmers and fishermen over a three-year period.

Mr. G. R. PEARKES (Nanaimo): Mr. Speaker, it is my intention to deal with one aspect of this budget, that is production, and to refer to one industry and one industry only. I am, therefore, anxious to bring to the attention of the house and of the minister the condition which exists in respect of the forest industry in British Columbia, and in particular those industries located in the coastal region of that province.

There are in British Columbia 2,446 active primary and secondary forestry industries. The primary wood-using industries include 1,600 logging operations, supplying raw material to over 600 primary manufacturing plants. These active primary manufacturing industries include saw, pulp and paper, plywood, shingle and barrel mills and box factories. The secondary industries include sash and door mills, furniture factories, boat building works, and many other miscellaneous wood industries.

The capital invested in these forest industries may be classified as follows: the logging industry, that is the industry which takes the logs out of the forest, $30,379,000; pulp and paper industry, $58,912,000; the lumber industry, that is the conversion of the logs into lumber, $49,939,000; and other wood-using industries, $14,880,000; making a total of $154,112,000. That is exclusive of the standing timber. The value of the standing timber is estimated at between two hundred and two hundred and fifty million dollars. Thus the forest industries have an over-all investment of over $400,000,000.

Direct employment in the forest industries represents a total of 100,000,000 man hours and an average of 37,000 persons over twelve months. Direct wages and salaries of the various industries total $58,677,000. These are figures which I have obtained from the Sloan report, and they were based on the year 1942, which he took as the basic year. Of course since that date wages have increased considerably.

Indirect employment, such as that derived from transportation by truck, rail and water, the distribution of products, the banking, the insurance and all the other services dependent upon the forest interests, greatly increase the total I have mentioned. The total value of the production of the forest industries was estimated in 1944 as $146,611,000. This represents forty per cent of the total income of British Columbia.

The foreign export of forest products totalled in value $73,105,000. This includes pulp and paper products, logs, poles, piling, pit props, railway ties, lumber and lumber products. These exports were shipped waterborne or by rail to points outside Canada. They do not include exports from British Columbia to other provinces. If such exports, that is to other provinces, were included, the total must be raised by another $27,000,000 in order to include the exports to the prairie provinces and to eastern Canada. That would bring the grand total of all the exports from the forest products to over $100 million. In this distribution of earnings from the conversion of timber assets during the war, direct revenues to the province in 1942—I take that basic year—totalled $4,268,000, but the dominion government also benefited greatly. On the basis of forty per cent of the total income of the province in forest income—that is generally accepted—this would indicate a dominion tax bill of $60 million contributed in the aggregrate by individuals and firms directly and indirectly connected with the forest industries.

Evidence presented before the provincial royal commission under the chairmanship of Chief Justice Sloan showed that over a period of five years the dominion government collected in income taxes and in excess profits tax $1.57 for every dollar of direct forest revenue collected by British Columbia. In other words, during the past five years the dominion has collected from the industry more than one and a half times as much as the province collected; but the dominion government has given very little in return. For the purpose of comparison I have looked up the appropriation by the dominion government for the support of forests, agriculture, mines and geology for the last peace-time fiscal year, 1939-40. The figures quoted will be found in the auditor general's report for that year, and comparable figures for later years will be found in the public accounts. For the year 1939-40 the dominion government appropriated for all forest purposes $360,529; but for agriculture, $28,633,000; for mines and geology, $7,284,000. Some discrepancy in the dominion support is evident in the succeeding years because the appropriations must have been distorted by the war atmosphere; therefore I feel the comparisons would hardly be fair. Just to mention one, the public accounts for the year 1943-44 give the appropriation for agriculture as $120,794,000, while the forest service appropriation however remained comparatively normal at $298,741. In the current estimates which the house is being asked to approve, over $19 million are allocated to agriculture, of which sum $6,500,000 may be earmarked for research purposes. In the Department of Fisheries some $3 million are to be spent chiefly on research, while for forestry and forestry industries only $625,000 are earmarked. I suggest that although the government drains off by far the greater part of the earnings produced from the forests, it has contributed next to nothing for the protection and maintenance of these forests which are the very source of its income.

The report of the royal commission appointed by the province of British Columbia in 1910 makes the following recommendation:

> Your commissioners regard the income from royalty on timber as differing essentially from any other form of revenue in the province. Such receipts should be regarded as capital and not as current revenue. We have no hesitation in recommending that the amount so received, large as it may appear, should be expended by the government for the protection, conservation and restoration of our timber resources. With our present knowledge regarding reforestation, to treat these receipts as other than capital would be utterly unsound in principle and might produce disastrous results in the ultimate impairment of the public estate.

It is regrettable that for thirty-five years this recommendation has been consistently ignored by succeeding governments, provincial and dominion. Millions and millions of dollars have been drained from our forests into the general revenue to help pay for government services wholly unconnected with the protection and development of our forest industries.

This revenue is not a true income, but is the result of the sale of capital resources which can be replaced only in part. If our forest administration were adequately financed to fulfil properly its function of protection, conservation, management and development of our forest resources, then any surplus forest revenues could be absorbed into the general revenue, but such is not the case, and our forest administration for years has not been adequately financed. The British Columbia loggers' association, the Canadian society of forestry engineers, the Wallace report and other reliable sources have repeatedly urged that a much greater proportion of revenues derived from the forest industries be returned to the forests for protection and their perpetuation.

At the present time under dominion government controls the industry is required to sell a high percentage of wood products, logs, lumber, shingles, and plywood in the Canadian market at ceiling prices actually below the present cost of production. A certain percentage, until recently approximately sixty per cent, could be exported. It is not generally realized that this export, for which a much higher price is obtained, compensates

the low domestic market and has for many years been the means of keeping the forest industry solvent. But the world lumber market is certain to be a highly competitive export field in post-war days. Operating expenses to the industry are ever increasing. Recently, in order to meet the increased cost of living and the demands of organized labour, a twenty per cent increase in wages—that is to say a fifteen cents an hour wage increase—has been authorized, coupled with a reduction in the hours of work per week. Furthermore, a fifteen per cent increase in the amount of wood products to be made available for domestic consumption has also recently been authorized. While this undoubtedly will help relieve the shortages in building material which is so urgently needed to meet the acute housing situation that exists, yet it should be remembered that the ceiling prices set for lumber for domestic consumption are, as I have already said, below the cost of production, and the returns received for the lumber which has been exported have enabled the industry to operate so far without going into the hole. This change in the percentage of wood products for export and domestic purposes adds just another handicap to the successful operation of the industry. I suggest that some compensating relief should be afforded. In the new dominion-provincial proposals which were presented in this house when the budget was brought down, the fact that the logging, lumbering and mining industries were singled out for double taxation indicates that the present government is not fully conversant with the difficulties facing the primary industries of British Columbia.

Mr. ILSLEY: May I say that is incorrect, they were not singled out for double taxation.

Mr. PEARKES: That is my interpretation of it; perhaps the minister will have an explanation later.

A few moments ago I said that operating costs were increasing throughout industry. This is partly the result of the high standard of living rightly demanded by those engaged in the industry. In recent years logging operations have become completely mechanized. You never see a team of horses in the British Columbia woods now. The donkey-engine, the high lead operations, the logging truck and the "cat" have completely replaced the team. To an ever-increasing degree the power-saw is replacing hand tools. Work in the woods is still hard, but it is not so physically exhausting as it used to be. No doubt many hon. members have seen pictures of the loggers who take the tops off these high trees, some of them perhaps two hundred feet in height. Employees in the logging industry to-day are skilled tradesmen, and every year a higher percentage of forestry mechanics and craftsmen are required in the industry. To meet these changing conditions, the companies have had to provide better living conditions. No longer are men satisfied to put up with what one might well say were the sordid conditions of the old-fashioned bunkhouses, where men slept in rows of double bunks, tier on tier. In most camps to-day the men have individual quarters, or cubicles for two men. Excellent meals are provided in the restaurants, and in the more modern camps they are served by qualified waitresses. These advantages necessitate additional outlay, but they are essential if the operators desire to retain the best class of employee.

On several occasions I have urged that assistance be given by the federal government to the construction of housing projects in areas adjacent to the mills and logging camps where employment is assured for many years to come, instead of proceeding with projects on the outskirts of cities. No real progress has been made, however, because under any of the existing schemes the operator is required to tie up too much of his available liquid capital. During the war it was the policy of the government to finance entirely the building of houses for workers engaged on jobs of national importance. In the present interregnum between war and a return to normal peace conditions, having also in mind the present acute shortage of houses for workers engaged in industries whose products are so urgently needed for reconstruction purposes, a more flexible system and a more generous lending policy should be devised to meet the present need for houses for these men employed in the forest industries; that is to say, for these men actually employed in the industry which produces the very materials required for home construction throughout the country.

The forests of British Columbia are not merely a local concern. During the war they proved to be of the utmost value to the national economy. They still are, and must continue to be such. I respectfully suggest that in formulating its taxation policies the dominion government has lost sight of this fact. In my view the dominion government should be prepared to facilitate the development and perpetuation of our forests by allowing the operator to charge annually current operations, with all reasonable costs incurred during the year, to the reforestation of logged-off lands under his control or management. As far as our forests are concerned, Canada has been living on capital. In other words, we have been mining the forests of British

Columbia in exactly the same way that the forests of Nova Scotia and New Brunswick were mined years ago; mining our forests in the same way the wheat fields of the prairies were mined thirty or forty years ago. Wood products are a crop reaped from lands that are not suitable for other agricultural purposes. In order to ensure a continuous yield, agricultural lands must be fertilized. In the same way our forest lands must be protected. If there is to be a sustained yield that protection must be in the form of dollars and cents expended to prevent unnecessary wastage of the young crop by fire, disease and insect pests, and also for purposes of reforestation. I do suggest in all seriousness that under the present policy the dominion government is killing by starvation the goose which lays this golden egg.

The important thing to the citizens of British Columbia is the perpetuation of the forest industries, for the whole provincial economy is based on these industries to such an extent that the population of the province could not be supported without them. The industries recognize the value of the forests from the point of view of water and soil conservation, fishing and hunting, and the tourist trade; but the greatest value to the public lies in the cropping of the forests and the conversion of wood into marketable products. Therefore the maintenance of the forest crop at maximum sustained capacity and the development of wood-using industries, hold the key to the future of British Columbia.

The operators have subscribed to a policy of joint action by the provincial government, the industries themselves and the public, of measures to assure continuous crops on all forest lands, and to attain this objective by practical measures which will maintain maximum production and employment during the period of transition to a sustained forest economy. The attainment of this objective means for the industry a further increase in present operating costs; for the crown, increased expenditures out of forest revenues, to build up the forest capital; and for the public, the enjoyment of somewhat less net revenue than previously derived from its forest capital. But this should not be regarded as a solely provincial matter. As I have already pointed out, the dominion government derives more money from the forest industries of British Columbia than does the provincial government. The whole national economy of this country would be affected by any serious dislocation of this industry. But this federal government is doing practically nothing to ensure that the production of wood products can be assured in the years to come. It is not unreasonable to say that heretofore the federal government has not assumed its fair share of its responsibilities in this respect.

The first and most important step in a programme such as has been suggested is to keep fire out of the woods. The great economic loss in connection with our forests in the past has been and still is the destruction of young growth by repeated fires. Unless this loss can be stopped, there is grave danger that proper regeneration will be found economically impossible. The final result will be that one day there will be no crop to harvest.

Much criticism has been given by uninformed persons and has been directed against the methods used in the logging operations of to-day. But the evidence of expert foresters indicates that the practice of clear-cutting is more conducive to proper regeneration than any of the methods which are usually referred to as those of selective logging. Danger from erosion has been shown to be practically nonexistent if the fire can be kept out of cut-over land. Evidence has shown that the leaving of seed trees is neither efficient nor economical. The practice known as block-logging to those operators who have sufficient timber and sufficient capital so to log, has much merit. But the only certain way to ensure regeneration of our forests is to keep the fires out of the young growth. If fire can be kept from destroying seeds and young growth the regeneration of land now cut over or to be cut over in the future presents no great problem. In a period of ten years—and I am taking the period 1934 to 1943, because those figures were available—fires have destroyed from 350,000 to 400,000 acres of valuable young forest growth in the coast district of British Columbia. We have an annual average net loss of over 16 million board feet. These fires, contrary to popular opinion, usually occur years after the loggers have actually left that particular area. It is not the loggers who are responsible for the majority of fires which occur.

The chief forester of British Columbia has estimated that the cost of forest protection should be $1,500,000 annually for the whole province. That may presumably be to protect the 126 million acres estimated by him to be worthy of protection. Those 126 million acres which the forester considers worthy of protection include hundreds of thousands of acres of productive forest land on Indian reserves, which are administered directly by this federal government. In round figures, as nearly as I can ascertain, 118 million acres

are owned by the crown and eight million acres alienated under various forms of title, of which about five million acres are owned in fee simple. Therefore, of the total area of forest lands to be protected the crown owns the sole interest in 94 per cent and an important interest by way of royalties and taxes in the remaining 6 per cent.

To ensure new growth and the sustained yield, the organization of a fire protection service on a sound industrial basis is essential. This can be achieved only through provision of ample financing by adequate contributions from the dominion government, whose interest in the forests is, as I have already said, greater than either that of the province or that of the industry itself. This assistance might also include provision of aerial photography, map production, detection air patrols and the transportation by air of fire-fighters and fire-fighting equipment. Coupled with fire protection must be protection against insects and fungus disease such as the spruce sawfly, the borer, the hemlock looper, and the pine blister rust. These are not as great problems in British Columbia as fire. But in some regions of Canada they are an even greater menace. The westward migration of the insect pests is, however, beginning to be felt in British Columbia. The prevention of this spread which pays no heed to provincial boundaries is primarily a dominion responsibility. Adequate steps must be taken by the dominion to control insect pests and the spread of disease.

During world wars I and II the coast forests supplied 100 per cent of the aeroplane spruce used by the empire air services for the construction of fighter and bomber aircraft. British Columbia is the only source, as far as I know, of that particular type of spruce, which made possible the production of the Mosquito fighter and bomber. In both wars the dominion government took over the production and exploitation of this aerial spruce. But not one nickel was ever put back by the dominion government to safeguard the remaining stand against any future emergency. At the present time certain of these stands are threatened by insect pests and, as far as I know, no federal appropriation has as yet been made to combat this danger. Need for industrial and silvicultural research to discover new methods of marketing economically the refuse which is now being left in the woods is also apparent. In all these respects opportunities are provided to the federal government to assist the industry by larger appropriations. Moneys devoted to these purposes are a sound investment, because they will assure future production and yield a direct profit in the form of increased revenue. It is beyond the combined means of the province and the industry to provide these requisite services. The dominion government has a strong interest in our forest resources. The products of Canadian forest industries compete in world markets with those of countries which maintain extensive research facilities. I suggest that in order to prevent duplication of effort, to ensure that silvicultural research is organized on a continuing basis, the dominion government should assume the main responsibility in that field. The maintenance by the dominion government of extensive and up-to-date research facilities in the fields of silviculture, wood utilization, forest protection and forest economies is long overdue.

At present the various categories of cutting rights are under several jurisdictions. The forest branch governs them as to forestry and fire protection regulations, royalties and fire protection tax. The workmen's compensation board governs them as to important operating regulations and relatively high payroll assessments which cost several times as much as it would cost to replant the land and protect the crop from fire to saleable age. The provincial taxation authorities, independently of all other bodies, fix the assessments for property tax on crown granted land classified as timber land. The dominion taxation authorities collect personal and corporation income taxes, excess profits taxes and succession duties which at the present time exceed in cost per acre the total of all other government imposts. The provincial government also preserves an interest in the collection of succession duties.

If forest land is to be managed by individuals or companies for perpetual yield there must be some simplification of the present complicated taxation structure and some assurance that a coordinated policy will be developed under one authority in order to encourage private capital to embark on the growing of crops that cannot be reaped before the second or third generation. But, according to the proposal for the new dominion-provincial agreement, suggested in this year's budget, there is still to be an open season on the logging and lumbering industries which must tend to discourage production.

I have endeavoured to show the great value of the forest industry to the country as a whole; the necessity of maintaining a sustained yield for the industry; the interest and responsibility the federal government has in connection with our forest industry, and the action that the federal government must take

now before circumstances make it impossible to save the forests of British Columbia for future generations of Canadians. This is a most vital and urgent obligation. I trust I have made some progress by way of proving to the government its responsibility for aiding proportionately in the protection of a major source of its own revenue.

The three to four billion foot crop, which can be produced if adequately protected, annually from the ten million and more acres of forests on the British Columbia coast will bring in an income of at least $120 million every year. The protection of assets of such magnitude demands the serious attention of this government.

Mr. NICHOLSON: Did the hon. member indicate what the cost would be to the federal government of the interesting development he has suggested?

Mr. PEARKES: I did not say what the total cost to the federal government was, but I did quote the estimates by the chief forester of British Columbia.

Mr. J. O. PROBE (Regina City): Mr. Speaker, the budget address was presented some ten days ago, and in the meantime we have had an opportunity to study it and to receive from our constituents and other interested persons everywhere their reactions with respect to the forty-page discourse given by the Minister of Finance (Mr. Ilsley). This afternoon we heard a painstaking criticism by the official critic of the opposition, my genial friend, the hon. member for Muskoka-Ontario (Mr. Macdonnell). During the course of the few remarks I intend to make I shall refer to a few points wherein the official critic and I do not see exactly eye to eye.

If we consider the estimates that were tabled with the budget we find that it is expected that this coming year we shall be in receipt of some $2,500 million from various taxes. As against that we are going to have ordinary expenditures of some $2,770 million. The increase of expenditures over last year fall mainly under the following heads. There has been an increase in the debt charges of nearly $100 million, owing to the large borrowings in the various loans last year. Family allowances are going to cost us another $60 million because we are now in the first full year of the operation of the Family Allowances Act. Public works have grown by some $15 million. In this regard I found it interesting, as I perused the estimates, to note that the government has generously allotted an increased expenditure of $4,500 out of that $15 million increase to my own province of Saskatchewan. I hope that our people will send the Minister of Public Works (Mr. Fournier) an appropriate letter of recognition for that startling increase in expenditures in my province.

On the side of decreases in expenditure I find that the Department of Reconstruction and Supply, which I think all of us feel is the outstanding department in the reconstruction period following the war in which I believe we still live, has reduced its commitments this year by some $107 million as compared with last year. Its present commitments are largely to clear up obligations which resulted from war contracts. I find that expenditures relating to the purely administrative end of the Department of Reconstruction are below those of the Department of Labour and nearly $5,000,000 below the cost of operating one branch of the Department of Justice, the Royal Canadian Mounted Police. So much for the principal current year expenditures because, after all, figures generally tend to bore us unless we can interpret them in terms of our national economy.

With respect to the important matter of tax relief, I think all of us expected that some measure of relief would be granted this year. We had expected that income taxes and excise taxes would be cut, to ease the growing cost of living, especially for those in the low income groups. Of course we have been disappointed, although the Minister of Finance, in forecasting changes which might come about next year, almost led me to believe that he has a plan somewhere in the back of his mind looking forward toward a cyclical budget covering a period of years instead of a budget running from year to year, as has been our custom. For the year 1946-47 our taxes, except in one instance, and it is rather a significant one, have remained unchanged. That instance which I think is significant is based on a resolution in the name of the Minister of Finance in which he proposes to reduce the excise tax on cigars, effective June 28, from $3 to $1 per thousand.

Mr. ILSLEY: The excise duty is reduced, but the ad valorem is increased and the total increase is $160,000.

Mr. PROBE: Then we shall not get cheap cigars.

Mr. MACKENZIE: You have lost your last hope.

Mr. PROBE: I was thinking that we might have a cheap smoke.

The important tax from the point of view of the small income earner, in addition to the present onerous income tax, is the eight per cent sales tax, and that eight per cent sales tax on most purchases still stands. I

remember that last May, about the time that election platforms were being cleared for action, there was a report in the press that the sales tax would be removed on builders' supplies so that we might get cheaper homes. That report, as far as the government is concerned, was correct, but in so far as the change brought about cheaper building materials, the result was entirely the opposite. The householder still pays eight per cent on his electric light bill and the kiddies still pay their two cents to the Minister of Finance on their pop. Had it not been for the minister's correction of my impression that the tax on cigars was to be reduced, I was about to dub the budget of this year "the Ilsley stogie budget," but if the tax on cigars has gone up, as the minister says, my description of the budget does not apply and our stogies are really going to be 10-cent cigars.

As the hon. member for Vancouver East (Mr. MacInnis) reminded us this afternoon, the Minister of Finance in his budget speech said, at page 2905 of *Hansard:*

> Lighter taxes are not needed now for the purpose of permitting or encouraging additional private spending in order to maintain employment this year. In fact, if only immediate economic conditions were involved, one could make a case for temporary higher taxes in order to curb the excess of spending in some directions that is tending to pull prices up.

There the Minister of Finance in his economic wisdom has stated in the most orthodox manner his case for the retention of the present budgetary plan. It is his intention apparently to secure a balance between tax revenues and expenditures in perhaps another year or so, judging by the rate at which the deficit is being reduced from the high figure of last year to its present figure of something in the neighbourhood of $300,000,000. He proposes to do that without greatly disturbing the present taxation pattern except, as some of my hon. friends in the cooperative movement may say, by starting to break down the recent rapid growth of Co-Ops by the repeal of clause 4(p). If by some miracle Canadian production should remain at its present level of $11 billion and the unemployment figure should not rise above its present level of some 210,000, it is likely that the tax relief suggested for the next year will come to pass.

Canada has a right to expect expanding national production of all goods which this country is able to produce, the minister said in his budget speech. He went on, at page 2904 of *Hansard:*

> The real answer, the constructive answer, to the inflationary pressures existing at this time is to work and produce the goods that are wanted in greater volume, so that our greater buying power will result in more goods at reasonable prices, rather than fewer at higher prices. To business men in particular—

I like the way he puts this:

> —I would like to address a plea that they do all in their power to hold prices down and get volume up, over this next critical year.

With that statement and wish of the minister I think most of us are in agreement. But the Minister of Finance has taken no budgetary steps to bring about this all-out production. He simply asks businessmen to do the right thing, to keep prices down and bring production up. Under the free enterprise or profits system which the hon. member for Muskoka-Ontario (Mr. Macdonnell) lauds so much and with which the members on the government side of the house are in general agreement, you do not get all-out production nor do you keep prices down unless you increase the profit stimulus. We learned in the crisis of the war that Canada is able to make unlimited quantities of goods. But here we are in the second year of peace and we are still desperately short of housing for our people. Can you get a lumber merchant to build more houses or to cut down the prices of housing materials by a plea to him? I wish I could. I am trying to build a home for myself following the war, and all I can see, as one day follows another, is that the price of everything required for that house is going up. You cannot solve the difficulty by asking a merchant to give you a fair deal under the present system. We are short of materials and short of craftsmen to do our building. Private enterprise is not providing them, the Minister of Finance is not giving us a lead, nor have we any aggressive government action which can provide them through official agencies. As you are aware, we set up a Central Mortgage and Housing Corporation, and it paid over to the federal treasury $14 million, which was the aggregate of the loans, less repayments, made under the National Housing Act since that act was passed in 1935, and represented some 30,000 housing units. To my mind, that does not suggest aggressive action by the federal government to increase the supply of housing in this country.

We are short of essential food, clothing, furniture, refrigerators, motorcars and almost any consumer commodity which one could name. We are short of health services and of the doctors and dentists needed to provide them, and we lack security of income. Yet large-scale production and the sales to the small consumer of these commodities still await government action.

The minister emphasized in his budget speech that our export position must be built up, no matter what happens at home. As he put it, our income from exports is the most important factor determining our prosperity and employment in peace time. I like to project myself back to the farm where I was raised and think of a farmer becoming prosperour following the advice of the Minister of Finance, by selling all his hay and oats to his neighbour and leaving his own live stock tied up in the stable to starve. If a farmer did that he would have his head examined. Yet, when our responsible ministers say that, and mean it—because we all give the minister credit for his sincerity—it is called good government business. Over a year has passed since V-E day, and our political and business leaders are actually denying Canadians the abundance which they were promised after the war; sending all available products, whether or not they are surplus to home needs, into a post-war chase for foreign markets, and financing those markets for the most part with Canadian credits, while we at home patiently wait and do without. I am quite prepared to grant that exports form part of the requirements for Canadian prosperity and that right now foodstuffs should move quickly to relieve world suffering. But, in general, exports alone will make no nation prosperous; they must be regulated in the light of that nation's home needs and come from the nation's surplus production. The minister's job is to create a surplus in every possible Canadian field of production, and to the extent that his government's plan fails to speed up the production of surpluses, to that extent the budget fails to create the prosperity which the minister wishes Canada to have.

My hon. friends to my right have said in effect that the way to stimulate production is to reduce the excess profits tax and to lift the price ceiling. Such stimulus was not needed in the emergency of war, nor is it needed in the present emergency of peace. The policy of removing profits taxes and lifting consumer prices means, as hon. members all know, that the number of units which consumers with fixed incomes can buy decreases in direct ratio to the numbers of each unit produced for sale. Such a government policy can only lower production and not increase it. With fixed wages, as is now preached here, demand for goods must fall as prices rise. Orthodox economists know this only too well. Let prices rise now and unemployment and depression will follow the present consumer prosperity in the same regular cycles which they always have, ever since capitalism began.

[Mr. Probe.]

No; we will increase our supply of goods, not by relaxing price controls as they are doing across the border and as the Minister of Finance pledged himself to do here, but we must profit by the war-time planning which we did and adjust that planning to peace-time uses. We shall need not to scrap but to adjust those price ceilings and price floors too, so that the net earnings or the take-home pay of the farmer, the manufacturer, the doctor, the miner, the carpenter, the professor, the pensioner, will bear some relation to the take-home pay of those in other occupations. But will we do this? To do this we must reinvigorate the planning boards which we partialy set up during the war. Our money system must be used to finance all production, whether of the factory, the field or the mine. We must think in terms of stockpiling surpluses for a change, instead of destroying them, until they are sold. We must think of sponsoring a national home-building plan.

My hon. friend to the left this afternoon made some reference to Belgium. I was in that country at the time that its government at one swoop took sixty per cent of the currency out of circulation. The general plan was to give each person who had that amount 1,500 francs, or roughly $40, and beyond that, sixty per cent of that individual's currency was taxed out of existence by the state, due, I assume, to the heavy inflation of paper which had taken place during the period of the German occupation. Yet that country has been able to finance a nation-wide home building plan; and my hon. friend was right when he said that that was being done with tax-free money. There, any man who wishes to own a home has the entire cost of that home financed by the state and the payments are amortized over a period of thirty years, without interest. Further, should by any chance the home owner and his family become unemployed, the payments on that home are assumed by the state during the period of unemployment. There is one condition to that, namely, that that man keep a garden. Of course we have a sort of housing plan but, as I say, the terms of the housing act so discouraged the small would-be home owner that we have thirty thousand and some odd loans under the housing act at a time when we need over twenty times that number of homes.

It is time that we controlled exports and imports by properly constituted boards in accord, not with export demand solely, but with Canadian needs and with an eye to foreign needs, shall we say, but let the foreigner have of our goods when we have developed a surplus. Let us direct and provide that our public investment of surplus money shall meet proper

development needs and social needs of Canada's unlimited productive power. Our money need not be used, as it has been in the past, to pay bonuses to keep goods off the market, to burn or plough down our crops when human stomachs are unfilled anywhere, or to close shops and factories, or to slow down machinery within those factories to keep supplies short and prices up, as our free enterprise system does.

Finance must never again compel whole sections of this country to take relief when others work fifty, sixty, seventy, yes, eight-four hours a week in the case of the merchant seamen, and yet that is the budget path on which we are walking now. Look at our country. You take the train and you travel over vast unimproved near-wilderness in many places, and yet the current budget makes little provision for its development. I remember, when I was a younger man, the Right Hon. R. B. Bennett was asking us on the prairies for votes and his spokesmen told us of a wonderful Trans-Canada highway which would be built when his government came into office. That was in 1930. His government did get into office, and now, sixteen years after that time, with depression, with people idle, with all sorts of materials, with everything except the national will to complete the job, if you want to travel from my city to Ottawa you go via Minneapolis, Chicago and Detroit, or if you prefer another more scenic route you go to No. 2 highway via Duluth and Sault Ste. Marie.

An hon. MEMBER: You may go by the Canadian Pacific.

Mr. PROBE: No, you will never drive to Saskatchewan from here on that basis. Perhaps that is the intention of our governments, to keep us away from the prairies unless we take the Canadian Pacific.

Mr. GARDINER: You can drive all the way through now on the Canadian side; cars are doing it every day.

Mr. PROBE: Yes, I presume one could make the trip all right.

Mr. GARDINER: You can do it quicker than you can through the United States.

Mr. PROBE: Of course, I do not know whether the minister has ever made the trip, but I would venture to say—

Mr. GARDINER: My friends have, and are making it this week.

Mr. PROBE: I take it that is now the Trans-Canada highway. Well, if it is and if that is the best that can be offered to our citizens at the present time it is still not a highway according to modern standards. In my own area there are difficulties over water supplies. Water supplies for Moose Jaw and Regina have been mentioned frequently by hon. members on all sides of the house. Irrigation and the use of water from the Saskatchewan river have been discussed, and they are still in the blueprint stage. I presume those blueprints will be untied at about election time. The Hudson bay route is still a trackless waste, traversed by the occasional tramp steamer. At this time I wish to pay a tribute to the Minister of Agriculture who did make a constructive statement in the house a few weeks ago, namely, that trade between the maritimes and the prairies could be developed by the proper utilization of that route, and yet War Assets Corporation has disposed of the means by which our government might have undertaken the three or four years' exploratory work. They sold the Park Steamships to what are likely to be, for the most part, foreign competitors.

The social security measures which have been debated for months at dominion-provincial conferences are again shelved, while various premiers, federal and provincial, wrangle over provincial rights and blame the British North America Act when things do not work out to the interests of our people. The fathers of confederation would turn over in their graves if they could see the disunity which the terms of the British North America Act have created in our country because of the buck-passing tactics when a government does not wish to implement a measure. Hospitalization of our sick, pensions for the old and helpless have to be provided provincially until our premiers get together. Our veterans are fast spending their gratuities and many have no homes, no farms and no jobs. The savings of war workers which were supposed to go into cars which they hoped or longed for, and other luxuries, are now going to meet rising food costs. When a worker gets a wage increase he gets it after strikes and loss of production. Taxes are forecast for the humble cooperatives; yet the excess profits tax will come off the shoulders of the powerful manufacturers. High-priced advertising of soap and other huge corporations, Pullman travel, entertainment and fancy clubs for high salaried executives are still proper deductions for income taxes, while at the same time the worker pays his eight per cent excise tax on necessities and the child still hands his two cents a bottle on coke to the Minister of Finance.

Last year the Minister of Finance estimated that the excise tax levy would bring into the treasury some $455 million. The excess profits

taxes were estimated to net $426 million, or roughly equivalent amounts of money. Excise taxes, sales taxes and the like for the most part are levied on the purchases of necessities of the people of modest incomes. The excess profits tax is levied on the surplus excess charges of huge corporations. It is forecast that the excess profits tax is to be reduced and cancelled next year. As a matter of fact it is going to take another form, I believe, but there is no hint that there will be a reduction of the eight per cent sales tax on the necessities of the average individual.

Mr. MITCHELL: What about the two per cent tax in Saskatchewan?

Mr. PROBE: Yes, and may I say to the Minister of Labour that poor as that province is compared with many parts of this country, that two per cent tax is coming off many commodities on October 31 of this year, and there is no election in sight. At the same time may I tell the minister that we are increasing the social services in our province, and we are not demanding that these be paid for by the small wage earner to the exclusion of the wealthier corporations.

I should like to leave with the Minister of Finance a constructive suggestion. I realize that he will be restricted in his point of view. I do not want to speak as the hon. member for Muskoka-Ontario spoke, who, as I recall it, revelled in the good old seventeenth century days. He spoke of the days of Puritan England, the days of good free trade and free enterprise. In his mind at least, he painted a glowing picture of seagoing vessels loaded to the gunwales with profit-bearing goods, with perhaps missionaries on top of them, going to the natives in distant lands to bring profit to the entrepreneur. That was his picture. In my mental picture of that period in the history of the old land, however, all I could see was the slave who was brought back, the factory set up in smoky surroundings with hovels on every side, and children working day and night to maintain the position of the industrialist. Yes; capitalism has two sides. To the man who has power and is ruthless, it spells fortune, whatever that is. All the rest of us can see in it is misery.

After all, corporations are simply collections of business men who still get their wages, shall we say, for the jobs they do; and whatever their workers get for the goods they produce simply swells the total of what that business group's enterprise gains from their work. Instead of removing the excess profits tax, would it not be better to say to these business men, "Let us look at this thing nationally; let us take the amount you now begrudge paying to the government of Canada by way of excess profits tax, and let us put it into specific ventures. Let us start out by using that money as a revolving fund for housing. Let us put half a billion dollars a year for a number of years into the construction of homes for the people of Canada." That is roughly the amount brought in by the excess profits tax last year. Then, when we have enough homes for our people—

Mr. SPEAKER: Order. I am sorry to interrupt the hon. member, but he has spoken for more than forty minutes.

Some hon. MEMBERS: Go on.

Some hon. MEMBERS: No.

Mr. PROBE: When we have built enough homes in this land—

Mr. SPEAKER: Has the hon. member the unanimous consent of the house?

Some hon. MEMBERS: Yes.

Some hon. MEMBERS: No.

Some hon. MEMBERS: Two minutes.

Mr. PROBE: —we can switch to social services of other kinds. We can go to highway construction; we can go to the reforestation programme mentioned a few moments ago by the hon. member for Nanaimo (Mr. Pearkes). Let us be realistic, not in terms of cash but in terms of human welfare.

Mr. R. W. MAYHEW (Victoria, B.C.): Mr. Speaker, first I should like to refer to a statement made by the hon. member for Nanaimo (Mr. Pearkes), who said the government was proposing double taxation on logging and mining. That statement was contradicted at once by the Minister of Finance (Mr. Ilsley), but I should like to read what was said in the budget speech of June 27, at page 2910 of *Hansard:*

> An agreeing province would undertake to levy a five per cent tax on net corporate income within the province and would also agree on behalf of itself and its municipalities to impose no other corporation tax or tax on corporations except corporations engaged in mining or logging operations.

This means that the provinces are now collecting a stumpage tax from the logging companies and royalties from the mining companies. These two taxes remain as they have always been, but are now allowed as an expense. No change whatever is proposed in the taxation as outlined by the minister

in his speech. I thought I had better make this correction before the statement by the hon. member became too widely circulated. Further proof of what I say is found at page 2911 of *Hansard* for the same date.

Before I deal with some other points raised in the budget debate, I should like to clear up a misunderstanding on the part of the hon. member for Temiscouata (Mr. Pouliot). On June 25, during the debate on the interim supply bill, the hon. gentleman discussed what he thought was a mystery arising out of his interpretation of the public accounts, and out of answers given to questions he had placed on the order paper. I am glad to be able to set his mind at rest and assure him that there is no mystery in the accounting methods followed by the Department of Finance. In his statement the hon. member used figures up to February 28, 1946, in one case, and up to March 31, 1945, in another, because figures for the whole fiscal year were not then available. I shall bring my figures down to March 31, 1946, using the figures for the last fiscal year which appear in the appendix to the budget speech.

The hon. gentleman begins with the point that in his view the revenue and the increase in debt during the war period, the increase in the debt through borrowing on the one hand and on the other hand the non-war and war expenditures during that period, should balance. That appears to be a simple statement, but it overlooks the fact that the dominion has to make disbursements for the purchase or acquisition of active assets, that is to say in loans, advances and investments, and the money required to purchase or acquire such assets must come out of the funds raised by the government through either taxation or borrowing. Let me try to make the matter clear by referring to the figures. During the period September 1, 1939, to March 31, 1946, the revenues totalled $13,346,500,000. In the same period the increase in the dominion debt was $15,238,600,000. Adding these two figures together, we arrive at a total of $28,585,100,000, representing the total receipts of the government during the period. Out of these total receipts, the total expenditures for war and non-war purposes were $23,245,200,000. This leaves a balance of $5,339,900,000 to be accounted for. This is the mystery which the hon. member desires to have explained.

The explanation is to be found in the increases in cash and other assets which are found to be in possession of the government to-day, and are recorded in the dominion balance sheet. If the hon. member will turn up pages 45 and 46 of the appendix to the budget he will find the dominion balance sheet, and on the assets side he will find the amount of cash, loans, advances and other investments held by the dominion as of March 31, 1946.

The first and most liquid item is cash, which amounted to $796,685,000,000, which is an increase of $714,200,000 from September 1, 1939.

The second item is advances to the foreign exchange control board of $1,550,000,000. This advance arises out of the necessity of providing the board with Canadian dollars in order that it may purchase United States dollars from Canadian exporters and others who obtain these dollars in their day-to-day business transactions.

The nature of these advances may be ascertained by examining the balance sheet of the foreign exchange control board as of December 31, 1945, which is in the report of the board tabled in the house on June 5. At December 31, 1945, the government advances to the board totalled $1,300 million against which the board had foreign exchange, mainly United States dollars and gold, to an amount of $1,410,200,000.

The third is advances to the Canadian National Railways, which increased by $666,500,000 during the period in question. These advances relate mainly to the repatriation of Canadian National securities held in Great Britain. The government has replaced the British investor as creditor of the railways. The government receives interest on its advances to the railways at various rates of two to three and one-half per cent.

The loan made to the government of the United Kingdom originally in the amount of $700 million stood at $538,600,000 at March 31, 1946, an asset created during the war period. In addition, at March 31, 1946, the amount of $425 million represented by accumulated liabilities of the United Kingdom under the British commonwealth air training plan was carried as an active asset. Although cancellation of this indebtedness was provided for in the financial agreement with the United Kingdom the relevant article of the agreement and section of the act implementing it have not yet been put into effect, pending action of the United States congress on the Anglo-American financial agreement. If and when approval is given to this agreement the amount of $425 million will be written off active assets and included in expenditures.

Other advances to the United Kingdom and foreign governments under section 3 of the War Appropriation Act and Export Credits

Insurance Act increased by $241,800,000 during the period.

Advance to crown companies increased by $108,500,000. These advances are covered by inventories and other assets of the companies. Another asset account arising since the outbreak of war is that entitled "Minister of Finance special custody account," amounting to $1,025,000,000, which is in the form of foreign exchange and securities and is offset by a contra item in the increase in total debt.

The increases in the foregoing items total $5,269,600,000, and the remainder, $70,300,000, is made up of sundry small increases or decreases in other active assets.

I think the house will admit that this is an impressive list of assets. The government has acquired them by disbursement of funds raised by either taxation or borrowing. But such disbursements are not expenditures in the sense of budgetary expenditures. The latter cover only outgoes for which the government receives no active asset.

I also point out that these assets are conservatively valued in the dominion's balance sheet. Over the last six years a reserve of $150 million has been built up by charges to expenditure to take care of any loss on the ultimate realization of these assets.

The hon. member for Temiscouata also raised the point that he could not obtain in May the figure for the total debt of Canada at March 31, 1946. As the hon. member knows, that date is the close of our fiscal year, but under the Consolidated Revenue and Audit Act expenditures relating to the fiscal year may be made up to April 30. In addition, many adjusting entries between expenditures and asset accounts have to be made after March 31. Accordingly, it is not possible to take off a balance sheet for the fiscal year-end until some months after the close of the year. However for the hon. member's information and for the information of the house I would point out that the Minister of Finance receives detailed statements of revenue, receipts and cash balances daily, and expenditures and asset and liabilities accounts twice monthly. I can assure the hon. member that the minister is at least as well informed on the operation of his department as any businessman on the operation of his company.

The budget speech indicated the deficit for the current fiscal year is now estimated at $300 million, and there is a good prospect that in the following fiscal year our revenues and expenditures will be in balance. The reduction of the deficit to an amount no larger than $300 million is a remarkable achievement when considered in the light of the very heavy outlays, amounting to over $600 million, which will be made this year by the Department of Veterans Affairs, the expenditures of the defence departments, for which $489,000,000 will be required, and various other expenditures, including price subsidies and the cost of termination of war contracts, which represent a substantial additional amount. These specific outlays we may reasonably expect to decline in the following year, although there may be moderate increases in other expenditures and, of course, a decline in our tax revenues from the reductions announced in the budget. It is apparent, however, from the magnitude of the figures I have given that when a more normal level is reached in the following year the reduction in our outlays will be substantial and give every reason to believe that our budget will be in balance in 1947-48.

This prospect is even more striking when one considers the heavy reductions in tax revenue that have been proposed, coming on top of the reductions already in effect. On personal income tax and corporation taxes alone these reductions for the years 1945, 1946 and 1947 amount in total to $530 million in tax revenue and, in addition, a reduction of $72 millions resulted from the removal of the refundable portion of the excess profits tax, giving a total in excess of $600 million. This figure does not include a further $90 million that resulted from the repeal of the war exchange tax and the exemption of producers' apparatus and equipment under the sales tax.

The itemized list of the reductions under the personal income tax and the corporation and excess profits tax is an impressive one. For the information of hon. members I will give a summary of the tax relief which is given by the changes which have been in effect for 1945, 1946 and 1947. I would prefer not to read the whole table since it is getting late, but I should like to make a couple of observations on it. The hon. member for Muskoka-Ontario said that we were getting no immediate relief. The relief of four per cent which was effective last fall amounted to $30 million. We already have that to our advantage. The immediate effect in 1946, which we are enjoying at the present time, is the sixteen per cent reduction, which amounts to $115 million. The effect of the other, which we shall enjoy immediately after the turn of the year, amounts to twenty-three per cent, including family allowances, or a total of $155 million. Then there is a total of $300 million in relief from cor-

poration taxes, giving a total of over $600 million. Surely that ought to be some inducement. The table follows:

Tax Relief—1945, 1946 and 1947

Personal Income Tax	Revenue Reduction
1945— 4 per cent	$30 million
1946—16 per cent	115 million
1947—23 per cent	143 million
1947—additional family allowance	12 million
Total Reduction — Personal Income Tax	300 million
Corporation Tax Cuts	
Tax reduction applying to income (1945 budget)	1945 corporation
Reduction of E.P.T. rate to 60 per cent and increases in minimum standard profits	$95 million
Tax reductions applying to Income (1946 budget)	1946 corporation
Net revenue loss from removal of 22 per cent flat E.P.T. rate and reduction of excess rate from 20 per cent to 15 per cent less increased revenue by raising 18 per cent corporation rate from 18 per cent to 30 per cent	$135 million
Total reduction on corporation incomes excluding E.P.T. refundable taxes ..	$230 million
Removal of E.P.T. refundable taxes	$72 million
Total corporation tax reductions including E.P.T. refundable taxes	$302 million
Total reduction (excluding E.P.T. refundable taxes) ..	$530 million
Total reduction (including E.P.T. refundable taxes) .	$602 million

Many of the salient features of the personal income tax proposals for 1947 do not seem to have been understood, and I should like to explain more fully some of the aspects of the proposals in order to clear up certain misapprehensions. The proposals will relieve completely of tax between 550,000 and 600,000 taxpayers in 1947, which is about one-quarter of the present number. Under the proposals, our exemptions will be increased to a limit higher than the limit in any other English-speaking country in the world. The exemptions of $750 and $1,500 represents a return of three-quarters of the way to the pre-war exemptions. Some have argued that the exemptions should be increased immediately to $1,000 for a single person and $2,000 for a married person. That would be going much farther than any responsible government would contemplate going in the light of our present financial position. The cost of increasing the exemptions to that level would be almost $300 million and would cut our income tax revenue in half. The revenue loss of $143 million under the budget proposals represents almost one-quarter of our present income tax revenue. I submit that this will be regarded by all responsible persons as being a generous measure of relief. Surely it is sound ordinary common sense to meet our bills now as a nation when we are fairly prosperous rather than to postpone them to the uncertain future.

I think hon. members will be impressed, on closer examination, with the modest amount of tax that will be paid under our new proposals by the lower income people. For example, a single person with $1,000 a year, who some call oppressed, will pay a tax of $55, or about five per cent of his income. That would hardly seem to be an onerous burden. Similarly, a married man with an income of $2,000 will pay a tax of $118, or about six per cent of his income. In both cases the taxes paid will be lower than those imposed in the United States and Great Britain.

The reduction of taxation under the proposals is substantial for the great majority of taxpayers. The over-all revenue reduction is about twenty-three per cent, which comes on top of the sixteen per cent reduction now in effect. The percentage reductions are largely in the lower incomes. Below $1,000 in the case of single persons and below $2,000 in the case of married the percentage reductions average fifty per cent to seventy-five per cent. Over these incomes they average ten per cent to fifteen per cent, with the percentage dropping gradually from about fifteen per cent in the $3,000 to $4,000 class to about ten per cent at $50,000. Above $50,000, the percentage reductions are less than ten per cent. At $100,000 it is around seven per cent; at $200,000, about three per cent. In general, our income tax in 1947 will be below the 1941 level. We shall have reduced our taxes two years after the end of the war to below the level they had reached two years after the war started.

There appears to be a great deal of confusion regarding the place of family allowances under the proposed changes. Perhaps this confusion arises out of the transition from the present system to the new system rather than out of the new system in itself, which is the essence of simplicity. One misconception that is most prevalent is that all parents not now receiving family allowances will be forced to take them in 1947, but that they will be required to repay the whole amount of the allowance to the government. Nothing could be farther from the truth. Next year

every taxpayer can apply for the allowance and keep the whole amount he receives. Let me repeat that every taxpayer, next year, no matter what the amount of his income, can apply for the family allowance and keep the whole amount he receives. He does not include it with his income in making up his income tax, nor is it subject to a recovery under which part or all must be repaid as under the present system. If he does not apply for the allowance it is his own loss.

In addition to the family allowance payment, however, every taxpayer will be given a deduction from his income of $100 for the same child. For example, if he is a taxpayer with two children of family allowance age he will receive his family allowance payment in full, which at the present average of $72 a child would amount to $144, and, in addition, he will be given exemption from tax on $200 of his income in respect of the same two children.

The allowance under the income tax for a dependent for whom family allowances are not paid, that is for children over sixteen, and for other dependents qualifying under the law such as dependent brothers, sisters, parents, and so on, will be in the form of a deduction of $300 from income in respect of each such dependent. There has been some argument that this $300 deduction should be allowed to a taxpayer with children of family allowance age if he chose to have his children recognized in this manner rather than through the receipt of family allowances. I wish to point out to the house first in regard to this proposal that for the majority of taxpayers the measure proposed in the budget speech carries a greater benefit than a $300 deduction from income. In the lower income groups this excess of benefit is substantial, and is of significant amounts on all incomes up to $7,500. Take, for example, a married man with two children and an income of $5,000. Under the budget proposal this married man would pay a tax of $911, against which would be offset family allowances of on the average $144, making a net liability of $767. If the same married man were to take instead for his two children a deduction from income of $300 apiece, or $600, he would pay a tax of $897, or $130 more than his net liability under the budget proposal.

Another aspect of the income tax changes which has not been fully understood is that affecting husband and wife where each have separate incomes. The nature of the change might be best explained by reviewing the background of the proposal. Prior to 1942 the law was that when husband and wife each had an income in excess of the exemption limits for a single person each was subject to tax as a single person on their own separate incomes. If the wife's income was under the exemption limit, however, the husband was allowed to retain the married allowance. In order to encourage married women to take employment during the war, the law was amended in 1942 to allow the husband to continue to pay tax as a married man even though his wife's income exceeded the exempt limit, which modified the previous rule that both would be taxable as single persons when the wife's income exceeded the exemption.

The change proposed for 1947 might be best explained as falling into two parts. The first part relates to husband and wife both having incomes in excess of $750. In this case we propose to return to the pre-1942 position; that is, each will be taxed as single persons on their own income. The second part of the change applies where the wife has an income of her own but less than $750. Under the pre-1942 law in this circumstance the husband would have been allowed to retain the married exemption, and in effect he and his wife had a combined income exempt from tax of $1,500 in the hands of the husband and up to $750 in the hands of the wife, making a combined total exemption of $2,250. This compares with an exemption granted two single persons having the same income of $750 apiece, or only $1,500 in total. We propose in large measure to remove the advantage enjoyed by a married couple under this rule by providing that if the wife has an income in excess of $250 then the husband's exemption of $1,500 must be reduced by the amount by which the wife's income exceeds $250. The amount of $250 of the wife's income will be disregarded because of the very large number of cases where the wife has incidental earnings of so small an amount as to be negligible, but the husband's exemption will be reduced by any excess income his wife has over $250.

An illustration will serve to show the effect of this change. Assume the case of a married man with a $5,000 a year income. If his wife has no income he will get the full $1,500 exemption and his tax in 1947 will be $973. If, however, his wife has an income of, say, $600, then his $1,500 exemption will be reduced by the excess of $600 over $250, or $350, leaving an exemption of $1,150 in place of $1,500. His tax with the reduced exemption will then be $1,081, or $108 higher than it would be if his wife did not have the income of $600.

The changes I have discussed apply to the year 1947. It would appear that in some quarters they are regarded as "postponed"

changes because they apply to 1947. They are in no sense postponed changes but simply changes for which legislation affecting the coming year is necessary for good and sufficient reasons. I do not recall that the Minister of Finance has ever made any statement which implied directly or indirectly that there would be a further reduction in 1946 over and above the sixteen per cent reduction now in effect. This cut of sixteen per cent is on a level with reductions made in some English-speaking countries for 1946 and is higher than in others. Further, it is now anticipated that without tax reductions in 1946 we shall still have a gap between our revenue and our expenditure of $300 million. While this is encouraging in comparison with the deficits of earlier years, it still represents a substantial gap, and it would be, in my opinion, unwise to make that gap larger and live on borrowed money when our incomes are high and we can better afford to meet our current expenses out of our current income than we may be able to at a later day. Finally, our obligations to make reductions in the personal income tax for the year 1947 under the existing dominion-provincial agreements have been overlooked in assessing the personal income tax changes. These agreements call for reductions applying to the year 1947, and the dominion would certainly have been giving hostages to fortune, even if financial conditions had warranted a reduction in 1946, to make a reduction in that year in the expectation that the provinces would accept this reduction as fulfilling the terms of the agreements.

I wish to deal now with the effect of the proposal regarding succession duties made in connection with the offer to the provinces. The impression created by editorials and statements appearing in the press is that the dominion has doubled the rate of succession duties that will apply on estates in 1947. How such a gross misstatement of the facts could have been seriously advanced is beyond my comprehension. The dominion's proposal was simply that the rates of duty under the dominion act would be doubled and that any duty paid to a province would be offset against the dominion duty up to one-half the amount of the increased dominion duty. Since existing provincial duties are now generally as high as or higher than one-half the increased dominion duty, in general there will be no increase in total duty under the change.

A simple illustration will show the truth of this statement. Take the case of an estate of $50,000 left to a widow in the province of Quebec. At the present time the Quebec duty on this estate is $2,000, and the dominion duty, $1,470, giving a total duty of $3,470. Now assume that the dominion duty is doubled, which would increase the $1,470 to $2,940. Under the proposal the provincial duty will offset half of the new dominion duty, so that the new duty will be $2,000 paid to the province plus $1,470 payable to the dominion—that is, half of $2,940 —or a total of $3,470, the same as the present duty.

Let me take another example. Assume an estate of $2,000,000 left to a widow in Ontario. The present provincial duty is $494,500, and the present dominion duty, $451,440, giving a total of $945,940. The dominion duty doubled would be $902,880, which, reduced by half for the credit for the provincial tax, would leave a net dominion duty of $451,440, which along with the provincial duty would give a total of $945,940, or exactly the same total duty as the estate now pays.

I think these illustrations show clearly enough that, in general, succession duty rates in Canada will not be increased by the dominion's proposal. This will be true in any province where the provincial rates are as high as or higher than the present dominion rates, which is generally true of all provinces with the exception of Manitoba and British Columbia. There may also be individual cases where the dominion taxes a succession which the province does not tax or possibly taxes a succession in a manner different from the provincial practice where the duty under the dominion's proposal might be increased. In these cases, however, the increase would normally be relatively small in amount, and would not affect the general statement that the level of succession duties in Canada has not been raised.

Further proof of this may be shown by the fact that the revenue from provincial succession duties in Canada has averaged around $25,000,000 in recent years compared with revenue of about $21,500,000 from dominion succession duties in the last fiscal year. It is obvious that provincial succession duties are high enough in general to absorb the credit against the dominion duty, and that the dominion duty remaining payable will be the same as under the present rates.

So much for the arithmetic of the proposal. Its purpose, of course, is to provide a way by which any province, whether it enters into an agreement with the dominion or not, can remain in the succession duties field or withdraw from it as it may choose. If a province remains, the credit against the dominion duty is allowed for provincial taxes. If, on the other hand, a province withdraws its duty, then the new increased dominion duty replaces

the present combined provincial and dominion duty. It is to be hoped that, for the sake of uniformity and simplicity of taxation, all or most of the agreeing provinces will withdraw their own succession duty measures and thus remove the duplication of administration which now exists in this field.

I had another statement, Mr. Speaker, but it would run over the allotted time. I thank you.

On motion of Mr. Blackmore, the debate was adjourned.

On motion of Mr. Mackenzie the house adjourned at 10.48 p.m.

Tuesday, July 9, 1946

The house met at three o'clock.

PRIVILEGE

MR. COLDWELL—REFERENCE TO LETTER FROM PRESIDENT OF INCOME TAX PAYERS' ASSOCIATION

Mr. M. J. COLDWELL (Rosetown-Biggar): Mr. Speaker, I rise to a question of personal privilege. I understand that copies of a letter addressed to me by Mr. Thorvaldson, president of the income taxpayers' association, have been circulated among members of parliament. The letter contains this statement:

The first sentence of the third paragraph of your letter is sufficiently evasive to make me doubt the substance of your charges. Indeed, I do doubt them, and now challenge you to prove them.

Therefore, though I have not permission from the writers to do so, I now table a number of letters dealing exclusively or almost exclusively with the forgery of signatures to certain cards that have been received by certain hon. members; envelopes marked "Unknown" or "Unclaimed" though some of the envelopes so marked have been already destroyed, and cards obviously addressed by one person, or several persons in the same handwriting, together with affidavits obtained by the hon. member for Swift Current (Mr. Bentley) when he was in the west, from some of his constituents denying that they had signed such cards. I may say we know of other persons who deny having signed such cards, but from whom we have not written or documentary evidence.

I believe these communications, of which there are quite a few, will be sufficient evidence to show that the statement I made in the house with regard to the forgery of these signatures is well founded.

[Mr. Mayhew.]

Mr. SPEAKER: I must draw the attention of the hon. member to the fact that while his question of privilege is well taken, according to the rules of the house it is not the privilege of an hon. member to table private correspondence. I have no objection to allowing him to do so, since every hon. member has received letters complaining about what he has mentioned, but I would ask the house if it could be done by unanimous consent.

Some hon. MEMBERS: Agreed.

VETERANS AFFAIRS

Fifteenth and sixteenth reports of special committee on veterans affairs.—Mr. Tucker.

BANKING AND COMMERCE

CHANGE IN PERSONNEL OF STANDING COMMITTEE

Hon. IAN A. MACKENZIE (Minister of Veterans Affairs) moved:

That the name of Mr. Gauthier (Nipissing) be substituted for that of Mr. McIlraith on the standing committee on banking and commerce.

Motion agreed to.

FOOD AND DRUGS ACT

Hon. BROOKE CLAXTON (Minister of National Health and Welfare) moved the first reading of bill No. 252 (from the senate) to amend the Food and Drugs Act.

Motion agreed to and bill read the first time.

VETERANS REHABILITATION ACT

SUPPLEMENTARY GRANTS TO UNIVERSITIES FOR TRAINING EXPENSES

Hon. IAN A. MACKENZIE (Minister of Veterans Affairs) moved that the house go into committee at the next sitting to consider the following resolution:

That it is expedient to present a measure to amend the Veterans Rehabilitation Act by authorizing the minister to make, with the approval of the governor in council, grants to universities supplementary to those by the act authorized, to assist in meeting the expenses incurred in training veterans.

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

Motion agreed to.

ALLIED VETERANS BENEFIT ACT

PROVISION OF BENEFITS TO CANADIAN SERVICEMEN IN ALLIED FORCES AND THEIR DEPENDENTS

Hon. IAN A. MACKENZIE (Minister of Veterans Affairs) moved that the house go into committee at the next sitting to consider the following resolution:

That it is expedient to present a measure to provide rights, privileges and benefits to and in respect to veterans of world war II domiciled in Canada at the time of joining the forces of allied nations, and to the widows and mothers of such veterans as died in service or subsequently but before they had received such rights, privileges and benefits in full.

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

Motion agreed to.

PENSION ACT

ENLARGEMENT OF SCOPE AND APPLICATION—REORGANIZATION OF COMMISSION

Hon. IAN A. MACKENZIE (Minister of Veterans Affairs) moved that the house go into committee at the next sitting to consider the following resolution:

That it is expedient to present a measure to amend the Pension Act to provide for extended payments of pensions to veterans and their dependents as therein set out; to provide further for the reorganization of the commission and for the salaries and duties of the chairman, deputy chairman and other members of the commission and generally to enlarge the scope and application of the act.

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

Motion agreed to.

CANADIAN NATIONAL RAILWAYS

PROVISION FOR CONSTRUCTION OF LINE FROM BARRAUTE TO KIASK FALLS, QUEBEC

Hon. LIONEL CHEVRIER (Minister of Transport) moved that the house go into committee at the next sitting to consider the following resolution:

That it is expedient to present a bill conferring authority upon the governor in council to authorize the Canadian National Railway Company to construct a line of railway from Barraute to Kiask Falls on the Bell river, in the province of Quebec, a distance of approximately 55 miles at an estimated expenditure of $4,125,000 and an average expenditure of $75,000 per mile. The bill will make provision for the issue by the company of securities, which may be guaranteed by the government in respect of the cost of construction. To enable the company to proceed with construction forthwith temporary loans may be made to the company out of the consolidated revenue fund, upon terms and conditions prescribed by the governor in council and secured by company securities.

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

Motion agreed to.

COINAGE

COPPER-COLOURED FIVE-CENT PIECES—WITHDRAWAL FROM CIRCULATION

On the orders of the day:

Mr. R. W. GLADSTONE (Wellington South): Mr. Speaker, I should like to ask the Minister of Finance a question with respect to the copper-coloured five-cent pieces. These coins and one-cent pieces are too much alike. Every person dislikes that five-cent piece—

Some hon. MEMBERS: Order.

Mr. GLADSTONE: —and tries to pass it on to another. Through oversight eleven cents is frequently tendered to pay for a three-cent newspaper.

Mr. SPEAKER: Order. I would ask the hon. member to come directly to his question.

Mr. GLADSTONE: Will the minister consider withdrawing the copper-coloured five-cent piece from circulation?

Right Hon. J. L. ILSLEY (Minister of Finance): The department is taking steps to have these coins withdrawn from circulation. It will take some time to do this, as the actual withdrawal will have to be done by the chartered banks. I am hopeful, however, that these coins will be out of active circulation in the comparatively near future.

TRANSPORT COMMISSIONERS

MEETING OF BOARD AT CHARLOTTETOWN ON JULY 17

On the orders of the day:

Hon. LIONEL CHEVRIER (Minister of Transport): Mr. Speaker, yesterday the hon. member for Queens (Mr. McLure) asked the following question:

Under what or by whose authority is the board of transport commissioners to hold a meeting in Charlottetown, Prince Edward Edward Island, on July 17 next regarding truck freight rates on the Borden-Tormentine ferry?

The authority is that contained in sections 33 and 325 of the Railway Act. The complaint has been lodged by the board of trade for the town of Summerside.

THE BUDGET

DEBATE ON THE ANNUAL FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The house resumed from Monday, July 8, consideration of the motion of Right Hon. J. L. Ilsley (Minister of Finance) that Mr. Speaker do now leave the chair for the house to go into committee of ways and means, and the amendment thereto of Mr. Macdonnell, and

the amendment to the amendment of Mr. MacInnis.

Mr. J. H. BLACKMORE (Lethbridge): Mr. Speaker, sugar, like rubber or gasoline, is an important munition of war and an almost indispensable requirement of peace. Whoever wittingly jeopardizes his country's sugar supply line is guilty of dereliction of duty. Whoever unwittingly jeopardizes his country's sugar supply line might be guilty of culpable ignorance. Whoever, having essential facts pertaining to his country's sugar supply line, fails to communicate them to those in responsible positions, could be guilty of gross dereliction of duty.

There have come into my possession certain vital facts pertaining to Canada's sugar supply line. It therefore becomes my duty to-day to discuss in the house the beet sugar industry in Canada. It may be questioned whether this matter directly pertains to the budget. I think upon mature consideration every hon. member will acknowledge that sugar supply in Canada does have a vital bearing upon the budget, upon price control, upon the value of money, upon the amount of money we can have in circulation, and upon many other things pertaining to the budget of any country, particularly of Canada.

Canada could be one of the sugar bowls of the united nations. Taken ten years ago, Canada could have been made an asset in the world sugar situation, not only during the war but also during the dangerous post-war days. Canada was made a liability in respect of the world sugar situation, a poor relation whose needs had to be considered a first charge on the sugar resources of the hard pressed united nations. With reference to sugar, Canada had to be carried through several of the most exacting war years, and now, with untold millions starving, Canada still must be cared for from the perilously depleted sugar stockpiles of the world, cared for with sugar that could help to save millions of lives. It is a sorry picture, and one far from gratifying to Canada's national pride.

In order to justify what I have said it will be necessary for me to deal briefly with four questions which it is my purpose to ask. The first of these is: Can the beet sugar industry in Canada be economically sound—first, for the beet producers; second, for the consumers of Canada; third, for Canadian agriculture and, fourth, for the Canadian economy as a whole? With respect to the producers of beets in Canada I believe there is an irrefutable answer to the question which is found in two sets of facts. The first one of these is a statement drawn from the submission of the Alberta cooperative beet growers' association to the Rowell-Sirois commission in 1937; I quote from page 2 of that submission. This statement of fact will show quite clearly to what extent the beet sugar industry in southern Alberta was able to cope with the situation surrounding it and come out victorious. The statement follows:

> To indicate the value of this industry to the agriculture of our district, the community in general and the Dominion of Canada, we submit the following figures relating to the 1937 beet crop:
>
> 235,481 tons of beets were produced from 19,829 acres of irrigated land—an average of 11·88 tons per acre.
>
> 75,603,700 pounds of sugar were manufactured.
>
> 3,813 pounds was the per acre yield of refined sugar.
>
> $3,040,000 worth of sugar was manufactured.
>
> $155 was the total gross return per acre.
>
> $77.50 was the gross return to the manufacturer.
>
> $77.50 was the gross return per acre to the farmer.
>
> The farmers' costs approximated $60 per acre which includes $25 per acre paid for hand labour by the farmer. These figures were given in a speech made by T. George Wood, manager, Canadian Sugar Factories Limited, at Lethbridge, Wednesday, March 23, 1938. We believe that this land is producing more food value per acre than any other land in the dominion.

I think to hon. members that must indicate clearly that the beet sugar industry is not a poor relation. It is not an industry that needs any particular help other than plain ordinary commonsense good management from any government in Canada, which kind of management I submit it has not thus far received at the hands of the present Liberal government.

Another set of figures which has an important bearing on the matter gives the price to the refiner of sugar on the Montreal market. These prices were as follows:

	Cents
1930	4·754
1931	4·552
1932	4·378
1933	4·323
1934	3·875
1935	3·832
1936	3·626
1937	4·006
1938	3·895
1939	4·109
1940	4·754

I received these figures from a high official who, I have reason to believe, knew they were correct. If anyone thinks that they are not correct let him quote the accurate figures and prove that they are incorrect. I received those figures confidentially. The reason I mention them is to show hon. members that the beet sugar industry was competing in a market in which the price of sugar was astonishingly low. Hardly one of those

figures exceeds four cents a pound. No people in the world could ask that their sugar be produced more cheaply than that, yet the beet sugar industry was competing in that market and succeeding admirably well.

Is the beet sugar industry a going concern or a success from the point of view of the consumer? The mere statement of those prices to the refiner is a clear indication that the Canadian consumer was pretty well off. It must be remembered that the dominion government has seen fit to impose an excise duty of two cents a pound on sugar, raising the price of sugar virtually fifty per cent in many cases and thirty-three per cent in all cases. It must be obvious that the price of sugar to the consumer could be most attractive to the consumer in Canada if the beet sugar industry could get the administration in Canada off its back.

There is another matter which is important to all consumers—stability of supply. People want to know whether they are going to be able to get their sugar or whether they are going to be held up by some country or countries that happen to be in a position to refrain from giving them sugar. I think most people in this country were alarmed when they were told over the air that Canada was having all the sugar that was apportioned by an international board which had taken upon itself the responsibility of apportioning to Canada her share. I fancy that what is being prepared for Canada is a situation in which she will always be subject to the will of a board that will apportion sugar to her or refuse to do so in accordance with the whims of its own mind. I think the consumers would appreciate having a stable supply on which they could depend.

Another matter is stability of prices. Many hon. members of this house will remember that after the last war the price of sugar went up to as high as 24 cents a pound. Why? Because certain cane interests found themselves in a position to dictate prices. Because of the almost unbelievable mismanagement which has taken place during the last fifteen years in Canada and the United States that same crowd of people are virtually in position to dictate prices once more and are beginning to do so. There will be people who will doubt the truth of what I am saying; to all such people I would refer an article which came into my hands to-day and which was published in the June 15, 1946 issue of a paper called "American Carbonator and Bottler", Atlanta, Georgia. In this article it is clearly shown that Cuba is beginning to feel that she is in a position to dictate. So the certainty of stable prices is of great importance to consumers. I ask any hon. member of the house where you could possibly gain for the consumers of Canada a cheaper product and a more stable supply at a more stable price than you could obtain through the operation of a beet sugar industry in Canada, large enough and well enough managed to supply the needs of Canadians.

Is the beet sugar industry a success from the point of view of Canadian agriculture? I am not going to linger on any of these points. I am merely indicating for hon. members some of the things that derive from the beet sugar industry for Canadian agriculture. First, a profitable crop in sugar beets. Second, a stable predictable market and a stable predictable price. Third, almost a sure crop, especially in my province, where water is available through irrigation; a crop which enriches the soil for two or three reasons—a crop which improves the friability of the soil and the chemical nature of the soil; a crop which distributes labour and risk over the whole year instead of concentrating the risk all on one crop, such as wheat; a crop which enables mixed farming to be carried on; a crop which reduces grain surpluses, about which nearly everybody is led to worry in Canada; a crop which permits of the employment of hired help all the year round, which is a major problem of most farmers; a crop which provides cheap valuable feed in pulp, tops, leaves, molasses, alfalfa, which is raised in rotation in preparing the land for the crops, and straw which comes in abundance when grain is grown after beets. These are only some of the values of the beet sugar industry to Canadian agriculture.

Is the industry a success from the point of view of the Canadian economy as a whole? First, with respect to the domestic market, the beet sugar industry provides a domestic market for a considerable number of commodities in Canada—coal, lime, coke, agricultural implements, boxes, bags and a number of other things. It provides labour for all the people who produce these commodities. It provides traffic for the transportation systems which convey them to the sugar factory. This means an appreciable domestic market. If any considerable portion of the sugar of Canada were produced from the beet sugar industry there would result a really valuable market. One hundred million pounds of beet sugar will put into the hands of the Canadian people $5,000,000. One hundred million pounds of cane sugar will put into the hands of the Canadian people $555,555. The beet sugar industry therefore will put into the hands of the Canadian people nine times as

much purchasing power as the cane sugar industry will in providing Canada's sugar supply. These figures I computed from the October 1945 submission to this government by the Canadian Beet Sugar Producers Association, at pages 6 and 7 of their submission. The nine hundred million pounds of cane sugar annually imported into Canada puts not more than $5,000,000 into Canadian pockets. If this nine hundred million pounds of cane sugar were sugar made in Canada from Canadian grown beets it would put $45,000,000 into Canadian pockets. I ask any hon. member to tell me which one of these two will provide a better means of aiding the Canadian economy.

Now a word as to the employment provided by the two industries. First we have all the employment which is provided by the various industries which supply the commodities required by the beet sugar industry in manufacturing and processing sugar. We have between eight and nine times as much Canadian labour required to produce one hundred pounds of beet sugar as is required to produce one hundred pounds of cane sugar. For these figures I again draw on the October 1945 submission, at page 6, paragraph 2.

Another important consideration from the point of view of Canadian economy is variety of production. We have as a result of the beet sugar industry practically every kind of meat produced, eggs, canned vegetables, canned fruits; for the canning industry goes hand in hand with the beet sugar industry because the land is prepared well through the raising of beets and is therefore eminently suitable for the raising of all kinds of vegetables for canning; we have dairy products and we have honey. It seems to be just dawning on hon. members on the government side that the money of a country depends upon the goods which the country is producing. Already in this debate we have heard mentioned four or five times the importance of things instead of money. If you want your economy stable, if you want your money stable, make sure that there are plenty of things behind your money. If you want to avoid inflation and rising prices, be sure you have plenty of things, then prices will not rise. Consequently, looking at it from that angle, it is of great importance that we have this variety and richness of production flowing into the Canadian economy as a result of the beet sugar industry. This variety of production can stabilize our money, stabilize our prices, stabilize our trade.

From what I have already said it must be obvious to all hon. members that the beet sugar industry would greatly increase prosperity of agriculture because irrigation farmers become stable from having a sure cash crop and through having mixed farming.

The matter of trade and the bearing of the beet sugar industry on our trade is of great importance. A wide variety of misconceptions is deliberately spread abroad across this country concerning trade in respect to the beet sugar industry. We have an example of that in the references to the supposed loss of the maritime fish and potato market by reason of the development of the beet sugar industry. This idea about the loss of that market is a complete fallacy; it always was, and I am more than a little suspicious that the men who first foisted it upon the country knew it was. The more purchasing power you put into the hands of the people, the more goods they can buy from abroad as well as in their own country, and the more goods we can buy from outside our own country, the more goods we shall be able to sell outside. This has been emphasized several times by several speakers in the hearing of all hon. members. Therefore the development of the beet sugar industry certainly should be more conducive to developing trade for Canada than the development of the cane refining industry in Canada, which puts the purchasing power in Cuba, Haiti, Jamaica or some other far-off land.

The second important question of the four which I propose to ask and answer is this: Can the beet sugar industry be expanded to satisfy Canadian needs? All hon. members I believe know that there are successful beet sugar factories in Ontario, Manitoba and Quebec. I am not going to deal with those provinces but only with my own province of Alberta, with which I am in some measure familiar.

Has Canada enough available land in the province of Alberta to develop a sugar beet industry? This is the picture in Alberta. We have already a sufficient number of irrigated districts in Alberta to provide 508,800 acres of irrigated land through twelve projects already constructed. Now we have the Lethbridge southeast water conservation project, which has been discussed several times in the hearing of hon. members. This project is now being constructed because of the wisdom of the Minister of Agriculture (Mr. Gardiner). It will bring under irrigation 345,000 more acres of some of the finest beet-producing land on the face of the earth, and second on the American continent only to California. Now, 30,000 acres of irrigated land will supply a 1,200-ton slicing capacity sugar beet factory such as is found in Raymond and at Picture Butte, in my constituency. A 1,200-ton slicing capacity beet factory will produce one-twentieth of the sugar which Canada requires

in a normal peacetime year. Hon. members will readily compute that 508,800 acres, together with 345,000 acres which ought to be under irrigation in Alberta within a short time, say three years, will very easily take care of all the requirements of Canada. All that is necessary is to establish fourteen more mills of the size of the Canadian Sugar Company's mill at Raymond or Picture Butte. It is obvious therefore that Canada could easily develop a sufficiently large sugar beet industry to provide all the needs of the dominion and have a great deal of sugar left over for export in case of need.

The next question which would be raised is this: Has Canada sufficient labour? Labour difficulties are disturbing us at the present time, I will grant. We have depended a good deal on various peoples who perhaps may not be available to us much longer. But let me point out to hon. members that there are being developed at the present time a considerable number of machines which are going to displace labour to a surprising degree; in fact, it is the ideal of those working on the beet sugar industry to displace hand labour almost entirely by machines. We have to-day a machine which plants broken or segmented seed, and which largely overcomes the difficulty of blocking and thinning. We have a machine, which has not been perfected, but which appears to have a good deal of promise, which will overcome the blocking problem. We have another one which will lift the beets, and yet another which will top them and elevate them into trucks ready to be transported to the factory. Thereby it is easy to see that all the difficult tasks which labour has now to perform will be taken over by machines in the not distant future. Meanwhile a good many fine people over in Europe are eager to emigrate to this country. I will not pronounce on the immigration policy of Canada; all I will say is that in my constituency there are many fine people, drawn from such countries as Hungary, Czechoslovakia and Poland, who have succeeded admirably in the beet sugar industry and in life, and who are mixing in with the Canadian people and becoming good Canadians. We can easily take some more of that kind and allow them to work in the beet sugar industry.

I have not had a chance to examine into the possibilities of this suggestion, but hon. members to-day are interested in the Indian problem. I have an idea that if we managed our Indians as we could manage them we could train them to be skilful beet workers and thereby go a long way towards solving the economic problem, which is ever a serious one to the Indians in Alberta.

Mr. MacNICOL: Would the hon. member mind if I asked him, are the Indians in Alberta assisting now in this work? I think the hon. member's suggestion is a good one.

Mr. LOW: Yes, they are.

Mr. BLACKMORE: A good many of the Blood Indians have worked in the beet fields—those are the ones with whom my hon. friend is familiar—and they do the job well. With training I believe they would be quite successful.

The third of the questions which I indicated is this: Is an increased quality and variety of production in Canada desirable?

This opens up the whole vexatious question whether Canada is to become more or less self-sufficient. There is a wide variety of opinion on this matter, and a good deal of heat is generated in the discussion of it. I am not going to enter into that matter; I shall approach the question from the point of view of plain common sense. When the war was on, it was of the first importance that we should be able to produce the things we needed. All hon. members will readily recognize that in a time of war, self-sufficiency is an attribute which most nations would be very glad to possess. Furthermore, in war, in our day, it is vital that a nation be industrially strong, that it have great factories which can be utilized for the production of war materials. Then it is important that a nation should have not only plenty of goods, food and the rest, but that it should have a supply to spare for its allies. Certainly from the point of view of war it is eminently desirable that Canada attain the point at which she will be able to produce her own sugar.

Now with respect to peace time. Let us consider rich and varied production from the point of view of its being a means of ensuring Canada's economic and financial independence. I was comforted by a remark which came in the minister's statement the other night on the four measures he was going to adopt to cushion Canada's economy against the irregularities developing in the United States. As I recall it, he said that Canada was going to maintain her economic and financial independence. I wish to commend the minister for that remark. I believe in it entirely. What development could possibly contribute more to the desirable objective of attaining and maintaining Canada's economic and financial independence than a wide variety of production so that the country can be independent of outside sources for the essentials of life? And certainly, sugar, being one of the essentials of life, should qualify.

May we look at the matter first of all from the point of view of the balance of trade? When the minister gave his excellent speech—and it was a most excellent speech—on the foreign exchange control situation he revealed to the country the dangers which have always confronted Canada of incurring an unfavourable balance of trade with the United States. He referred to the revealing report of the foreign exchange control board, which again emphasizes that matter. Now, every commodity of which Canada can produce her own needs is an additional bulwark against the possibility of developing an adverse balance of trade. That ought to be obvious. So surely from that standpoint it is wise to develop the beet sugar industry in Canada. The more we produce the less we have to import.

It will be argued that perhaps this is inconsistent with the statement I made a few minutes ago to the effect that if we have an abundance of purchasing power within the country we shall be able to buy more from the outside. We can use foreign exchange control to keep out the non-essentials. What bothers us is having essentials which we must import. That is a thing which we must avoid. If we can increase our productive capacity in the country we shall increase our population and in due time we shall begin to have manufacturing, which will produce many of the things we now import from outside, especially the United States.

Let us look at the matter from the point of view of price control, the very thing that the minister dealt with the other night in his statement. Price control, I think he will agree, is relatively not so difficult if there is plenty of goods. He himself has emphasized that time and time again. All hon. members recognize it. Consequently if we have plenty of sugar in Canada we shall certainly be able to control sugar prices much more effectively than if we are in danger of being constantly held up, shall I say, by Cuba or by some other foreign source of sugar.

May I deal with the question from the point of view of the stability of our money? I have already referred to this. The thing that gives money its value is plenty of goods and services. It used to be thought, only a short time ago, that what gave money its value was gold. No one believes that to-day, at any rate no one who is well informed. We hear the Minister of Labour every once in a while repeating his classic to the effect that what imparts value to money is the scarcity of it. He will learn in due time that that is not what gives money its value, because in 1932 our money was scarce enough, and it was not sound money for the reason that prices were far too low and the result was that things were not going well with us.

The thing that does give money its value is having plenty of goods and services in the state. Hence the importance of sugar in the matter of keeping Canada economically and financially independent. I could go into greater detail but I had better not take the time now.

The fourth point under that general caption is our freedom from foreign control. A good deal of discussion has already taken place on the matter of cartels. Well, if the sugar supplies of the world should be found to be in the hands of an international cartel, it is obvious that any government that might take power in Ottawa would be under the necessity of bowing and scraping to the foreign cartel that controlled sugar. If we wish to be free from any such danger we must have our own sugar supply. And if we are to be free from the dictates of other nations I would commend to hon. members a careful study of the article to which I have already referred, wherein it is shown that even the lordly United States is in danger of having to bow to Cuba by reason of the fact that Cuba has the sugar and the United States has not. Surely if Canada is to be free from other nations, from their dictation, domination and influence, she must have her own supply. She must be free equally from international groups, from groups of nations which might take the notion to cooperate in dictating the affairs of the nations of the world. We see plenty of evidence of that already.

This is the fourth question that I asked: Does the present government in Ottawa encourage the beet sugar industry in Canada? I will answer that with a flat no.

Mr. MacNICOL: You are correct.

Mr. BLACKMORE: I wish to refer to several circumstances from which I draw that conclusion. I could cite a great many, but a few will do. In the spring of 1941 an order went out that 1,300 acres were to be taken out of production of sugar beets in my constituency. What was the reason? There were 200,000 hundredweight of sugar in the storehouses of Canadian Sugar Factories Limited, and there was in Canada, in charge of sugar, a controller whose business it was to take that sugar. But he chose not to take it, and thereby forced the sugar company to take 1,300 acres out of production. I will ask any hon. member of this house whether a government that was in sympathy with the beet sugar industry would have tolerated behaviour such as that on the part of the sugar controller, whoever he may

be. Hon. members can find an account of that at page 2125 of *Hansard* of 1941, where I discussed the matter.

Could there be any conceivable explanation of that most ill-advised move, except that the sugar controller, appointed definitely to hurt the beet sugar industry, seized the first opportunity afforded and exposed and overplayed his hand? A wave of popular opposition developed across the country; or it may be that on second thought the controller was led to change his decision so as to allow the 1,300 acres to come back into production. At any rate, in the light of what happened since, the minister must realize that that was a most fantastic order for the sugar administrator to allow to go out when he had the power with respect to sugar at the beginning of the war—a most dangerous power from the point of view of the industry.

Another evidence of Liberal lack of sympathy with the beet sugar industry is this: The government and government spokesmen have used various specious arguments against the beet sugar industry. They argued that it was not economic in Canada. The speciousness of this argument I have revealed in what I have said. It is nonsense.

The government spokesmen constantly proclaimed that beet growing and the manufacture of beet sugar are too expensive to be carried on successfully without high tariff protection. I will ask the minister this question, and he can reply to it later if he sees fit: Is it not a fact that the Canadian sugar tariff is constructed in such a way as to protect the Canadian refiners of cane sugar, and that it only accidentally proves a partial protection to the beet sugar producer? Do not tariff items 134, 135, 135b, clearly answer this question in the affirmative? Does not this affirmative answer become extremely emphatic when these Canadian tariff items are compared with the corresponding items of the tariff structures of the United States and the United Kingdom?

Again, government spokesmen spread the story that Canada signed the London sugar agreement in 1937, contracting not to aid the further development of the beet sugar industry. Is this story not false? The minister will have to confess that it is. Is it not true that Canada never did sign the London agreement? Yet people in the government have urged upon me the alleged fact that Canada had signed this solemn agreement and therefore had to keep her pledge.

Liberal spokesmen constantly spread the story that the development of the beet sugar industry lost for us the fish and potato market which the maritimes need. Even the Minister of Agriculture had accepted this fallacy, as is clearly shown by replies he gave to certain hon. gentlemen on May 29, as reported at page 1994 of *Hansard*. One suspects that somebody must be deliberately falsifying. Listen to this from "Reports on Markets for Dried and Pickled Fish", prepared by O. F. MacKenzie and F. Homer Zwicker, printed by the king's printer, issued by the Department of Fisheries, Ottawa, in 1938. On page 17 of the report there appears the following:

> A great deal of idle and ill-informed comment has been in circulation regarding the so-called dump duty on refined sugar from Cuba, imposed in 1932 being responsible for the loss of Canada's market in fish and potatoes in Cuba. Careful study of the Cuban graph is invited and this study will definitely prove that the West India treaty is responsible for the loss of the Cuban market, and the dump duty had nothing to do with the downward turn in the trend of trade with Cuba.
>
> In 1926, the year before the West India treaty was proclaimed, we did a business with Cuba of just under twenty million dollars. At that time Canadian fish entered Cuba at the low duty of $1.30 per 100 kilos and potatoes at 65 cents per 100 kilos. In 1930, with the West India treaty becoming effective, this trade has shrunk to less than eight million dollars. At this stage Cuba raised their duty on codfish from $1.30 to $3 per 100 kilos. In 1931, with trade down to five million, the duties were increased to $4 and consular charges were also drastically increased. In 1932, Cuba again increased duties on codfish to $5.50 per 100 kilos where it has remained. By this time, as the graph so clearly shows, the market for codfish in Cuba was practically gone. After a further slight decline the following year, the demand had been increasing, and in both 1936 and 1937, Canada's exports of codfish to Cuba were considerably more than what they were the year dump duties were enforced.

Surely, Mr. Speaker, that publication was available to the members of the government; and in the face of those facts how can they possibly excuse themselves for this story that has gone out about the destruction of the maritimes market for potatoes and codfish?

Mr. SPEAKER: Order. The hon. gentleman's time has expired.

Mr. BLACKMORE: I shall have more to say about this matter later, when the opportunity arises.

Mr. RODNEY ADAMSON (York West): Mr. Speaker, I want to deal to-day with one particular aspect of the budget, more particularly the minister's statement last Friday night bringing the Canadian dollar to parity with the United States dollar. We in this party have emphasized, as have responsible citizens throughout Canada, that the only salvation for our economic future is increased production, particularly primary production. This is the third and to me the most important part of our amendment. To be prosperous the Canadian economy must be at all times

an economy of production. Many people, including most economists, consider that the war years, despite the tremendous increase in the funded or per capita debt of the people, nevertheless were a prosperous era. We are now burdened with the service charges for this debt, as well as very greatly expanded social services and commitments, and our debt to our veterans. If we are to meet these obligations we must have an expanding production proportionately greater than that of 1939. We cannot increase our taxation, because it has reached the saturation point now; and it is highly probable that if an attempt were made to increase it, the law of diminishing returns would immediately become effective. We cannot, and it is our sacred duty to see that we do not, meet these obligations with a dollar depreciated in productive power.

I mention the productive dollar rather than the purchasing dollar, Mr. Speaker, because I believe the productive dollar controls the purchasing dollar, and unless you have a high productive dollar the value of your purchasing dollar will fall. By a productive dollar I mean a dollar that can be put to work to build, to create, to bring into being the capital and consumer goods that our purchasing dollars can buy. If we do not have the former, no matter how the rest of our economic structure is secured we face inflation, because of the simple fact that we have created a demand for goods and have not allowed those goods to be produced. There is a spurious belief that an ever-increasing amount of money automatically has inflationary consequences. The idea that increases in our money supply inevitably mean inflation is a legacy of the old-fashioned quantity theory of money. However, because our money supply has increased to somewhere around eighty per cent of our national income, we cannot avoid the very real danger of inflation unless we give that money something to do. There used to be an old saying that the devil finds work for idle hands to do. Certainly, Mr. Speaker, the devil finds work for idle money to do as well. How much higher our production must be to meet our greatly expanded economy can be only conjectured, but I believe it safe to say that unless we can bring about an increase in production of at least from one-third to one-half more than that of 1939, the inflation-deflation cycle is inevitable, which is what booms and depressions really are.

I have said, Mr. Speaker, that the minister's statement of Friday night, while immediately deflationary since it destroys production, in my opinion is bound to have inflationary consequences. As I am dealing with mining and the employment of money as a means of production, I want the house to look at the immediate result of this policy. The first result, apart from the stock market recession —and this also was instantaneous—is that prospecting for and developing of new properties, particularly gold properties but base metal properties as well, has been sharply curtailed. The flow of money into prospective and projected mines has dwindled and eventually will dry up altogether unless some spectacular find is made, and this in turn becomes more unlikely because of the decrease in prospecting and developing being carried on. Therefore this money will do one of several things. It may be hoarded, and become unproductive. Because of its existence it will increase the demand for goods that are in short supply, and in turn will force up their prices by the very pressure it exerts. In the third place, if this money is American money it will be lost to the development of Canada; and as a pioneer country we can ill afford this.

The next pressure which will be brought to bear on the Canadian economy will be from the employees of mines which are forced to close. A little later I shall show how serious this condition is, particularly in the province of Quebec. To-day's miners will not be able to find other jobs in the mining fields of Canada because the reduction in exchange, even in connection with rich and high grade mines, will destroy from thirty to fifty per cent of the rock which previous to Friday evening was considered ore. Therefore even high grade mines will have to curtail production and leave behind them material which was once a valuable asset to the country. Despite the fact that some of them are high grade mines, they will not be expanding and hiring more men. Even though many mines will continue to operate, there will be no expansion. Naturally, therefore, these miners who will be thrown out of work because of the closing down of their mines will have to seek employment elsewhere. Most of them will return to the cities, increasing the congestion there and pushing the demand for housing and consumer goods even higher. Though this movement will be inflationary at the start it is certain to have a depressive effect in the near future. With the world demand for metals at an unprecedented high we in Canada have chosen this moment to take a step which will cut our production of both base and precious metals. A condition which formerly we considered fortuitous, in that in many instances our base and precious metals were mixed with each other in the same deposit, may now react unfavourably.

The value of our mine exports over an eighteen-year period has been greater than

the value of total exports of farm or wood products, and about 71 per cent of our total exports of farm and animal products combined. I mention that fact, Mr. Speaker, to show how vitally important the mining industry as a whole is to Canada. Furthermore it is axiomatic that if we are to become a nation we must have a population that can consume a greater proportion of our secondary production than heretofore. Therefore it is imperative that we have population. Many figures have been given in this connection. The United States bureau of mines and the chamber of commerce of the state of Utah have issued figures which are well known, and they have variously estimated that from ten to twelve people are supported by one man operating in the mines. A committee of this parliament which sat some time ago very conservatively estimated that a married man working in a mine gives employment to 4·6 persons, and that a single man gives employment to one other person. The Canada Year Book gives the figure of 112,000 people employed in the mineral industry, 64,000 of whom were hard rock miners.

So I want to say that any curtailment in this industry has a proportionately greater effect upon the economy of the country, because of what is known as the leverage principle, in that one man's job at the mine creates several men's jobs elsewhere. In Quebec and in the clay belt of northern Ontario mining and agriculture went hand in hand. Colonization followed the mines, and a ready market for all produce of the farms was provided by the mining communities. This pattern is a common one throughout the world, and it may be said that in Australia, the states of Victoria and New South Wales were opened up to a large degree by mines whose pioneer discoveries in the interior of these states brought about the development of an agricultural economy. Many of the mines in these states in Australia have subsequently ceased to exist, but they were in production long enough to allow agriculture to become firmly established. If the mines in northern Quebec, particularly the low-grade properties from Bourlamaque to the Ontario border, are forced to close, the agricultural and colonization efforts will also fail, because they have not yet been established long enough to be self sufficient if the immediate and local market is taken away from them.

Furthermore, because of the rigour of the climate, they cannot live off the land with the ease of residents in the southern states of Australia. Therefore we face an added calamity. Not only do we destroy great mineral resources, but we run the danger of making it impossible to develop our northern agriculture. This in turn will limit our population possibilities with its attendant out-of-balance economic structure.

I now wish to discuss very briefly the use of gold as a monetary metal and an economic stabilizer. What I am going to suggest will I believe answer all those who say that the government is generously buying a metal which is not desired anywhere else, and that the somewhat fantastic procedure of taking gold out of one hole in northern Canada and putting it into another hole at Fort Knox is a useless procedure. Actually it is the desire of the government, and it is particularly the desire of the United States government, to own much of the gold of the world that aborts the proper functioning of gold as an exchange medium. Gold may be worth $35 an ounce, it may be worth more or it may be worth less. But as the government of the United States was not prepared to free gold from its control it was difficult for the true world price of gold to be arrived at. Up to the present time it was reasonable to think that action in establishing of a free market for gold could be taken only by one of the major powers, more particularly the United States. However the drastic action that the Minister of Finance was forced to take last Friday night puts an entirely different face on the matter.

I believe, Mr. Speaker, we are now in a position to act independently. I believe, further, that we must do so. Canada faces an economic crisis of great severity unless the restoration and encouragement of the mining industry can be brought about. Mining, next to agriculture, is Canada's greatest industry. And after this hurt the reaction upon us will obviously be severe. Some people have suggested that an appeal ought to be made for a subsidy, and that the Canadian government should bonus gold to the extent of $3.50 an ounce. This is defeatist talk. I reject it, and I am sure that most gold producers would reject it immediately. What I do ask for, and I plead with the minister to give it serious consideration, is that a free market for gold be established right here in Canada. I make the following suggestions: I want to urge upon the government that in order to save the industry and Canadian economy in general, some immediate steps must be taken. I urge (1) that a free market for gold be established, and that buying and selling of this metal shall be carried on as the buying and selling of any commodity without any restrictions from any government agency whatsoever; (2) that corporations and banks in Canada have the opportunity of

purchasing gold and using it as part of their reserves and (3) that any individual or corporation, whether Canadian or foreign, shall have the opportunity to purchase and sell gold on the open market, and furthermore that all restrictions on the import or export of gold shall be immediately withdrawn; (4) that Canadian producers may sell on the free market any precious metal they desire.

The government has gone far to hurt the gold mining industry. No clearer statement of intent could possibly be made than that by the minister the other night. The government cannot have it both ways.

I wish to quote briefly from a statement made by the deputy minister of finance before a parliamentary committee, showing that the government realizes the seriousness of the situation. The question was:

> Exchange rates are very important to the metal industry, particularly to gold mining, because without the ten per cent discount many of our mines, perhaps the majority of them, would be out of business before long.

To this Doctor Clark replied, "That is right". I think it is only fair, if the house will allow me, to give the rest of his statement, because I do not wish to be accused of lifting the text from the substance, as it were. Therefore, with permission, I shall read the rest of the paragraph.

Mr. ILSLEY: What committee was that?

Mr. ADAMSON: The standing committee on natural resources, which sat in another place on May 28 of this year.

Mr. DEPUTY SPEAKER: It is my impression that the hon. member cannot quote from the proceedings of a committee in another place until the committee has made its report.

Mr. ADAMSON: I bow to Your Honour's ruling. I was simply trying to be fair, by giving the whole rather than part of the statement. If that is your ruling, I accept it.

Mr. ILSLEY: Well, Mr. Speaker, something will have to be done about that. Either the answer will have to be withdrawn from the record, or the explanation added to it. The hon. member has now quoted only part of the report of the senate committee.

Mr. KNOWLES: And he is now willing to bow to Mr. Speaker's ruling.

Mr. ILSLEY: He was stopped from proceeding. However, so long as it is understood that something further was said by the deputy minister, I think we can let it rest at that.

Mr. STIRLING: Would Mr. Speaker be good enough to quote the rule?

Mr. KNOWLES: Standing order 41.

Mr. DEPUTY SPEAKER: It is a well-known rule.

Mr. ILSLEY: I think with leave of the house the hon. member had better finish; otherwise it would be most unfair.

Mr. DEPUTY SPEAKER: The rule is clear that hon. members may not refer to debates in another place, nor may they quote from the proceedings of committees appointed in another place, until the committee has made its report. Likewise hon. members may not quote from the proceedings of a committee appointed by this house, until such time as the committee has reported.

Mr. ILSLEY: I suggest that the hon. member proceed with his speech.

Mr. DEPUTY SPEAKER: If the hon. member is continuing to quote from the report of the proceedings of such committee it must be with the unanimous consent of the house.

Mr. ILSLEY: I did not think that he was.

Mr. ADAMSON: No, I am not quoting from the unmentionable place. Credit me, however, with trying to be fair. I merely wanted to record my contention. The government cannot have it both ways. It cannot deliberately restrict by price control the price of any commodity and set that price so low that it is impossible for the basic producers to produce the commodity. Gold is the supreme hedge against inflation. If the government is genuine and sincere in this fear of inflation it will realize that the possession of gold by the citizens of the country is a great safeguard against runaway inflation and its attendant evils.

It is obvious that the government has little interest in gold. The effect of the order will be to close low grade operating mines in Canada and gradually to strangle the entire gold mining industry. As proof of this statement I want to quote figures which show the cost of producing an ounce of gold in 1944 in Quebec and Ontario respectively. In Quebec the cost was $34.72 an ounce and in Ontario it was $30.95, leaving a profit of $3.78 and $7.20 an ounce respectively after mint charges. Those were the figures for 1944. In 1945 and again in 1946 the costs of mining rose considerably so that both figures, $3.78 and $7.20, would be materially reduced.

Mr. ILSLEY: What is the source or authority for those figures?

Mr. ADAMSON: The Quebec department of mines and the Ontario Mining Association. Even if this were not so, the loss of ten per cent exchange reduces the profits per ounce to $0.28 and $3.70 respectively. It is obvious

that the entire Quebec gold mining industry must come to a quick end, and only a few of the richest mines in Ontario will be able to operate for any length of time. This lethal shock to the entire Canadian economy is one from which it is doubtful we can recover. Mining is now the second largest industry in Canada, and gold mining represents approximately one-third of the total output.

That is not all. Our base metal position is also in a precarious condition. Our internal prices of copper, lead and zinc are 11·55 cents a pound, 5 cents a pound and 5·75 cents a pound as compared with the United States prices of 15·8 cents per pound, 9·07 cents per pound and 10·17 cents per pound respectively, and those of the United Kingdom government of 14·24, 8·90 and 8·05 cents per pound respectively. I quote these to show the unfavourable position of our base metal mines. If Canada is to continue as a major producer of base metals, her mines must be allowed to receive the world prices for the metals produced.

If the gold mining industry is to be saved, further immediate steps will have to be taken. There are three steps which I believe should be taken. First, there should be a return to a fifty per cent depletion allowance to both mines and shareholders. Second, we should exempt all new mines for three years. Third, we should wipe out the excess profits tax on all mining.

The first two suggestions were part of the recommendations made by the Ontario and Quebec mining associations to that unmentionable place. I repeat that unless these steps are taken immediately the effect on the industry will be progressively severe. Other countries have let their mining industry go in a way almost identical to that which the minister has been forced to follow at the present time, and it took them decades, even generations, to bring it back on its feet, and in several instances it has never recovered. Truly this is a case of killing the goose that lays the golden eggs. However, the more permanent damage will be to kill development of metal deposits. Initiative will be destroyed, and once destroyed will not easily return. Therefore will vanish all the hopes and all the dreams we once had of developing the north country, of having a great population and providing a cure for any coming depression and its consequent unemployment. It may be said that at one stroke the government has hit initiative and blasted the hopes so fondly held of Canada becoming a great industrial nation. Surely this is an awful price to pay for fear of inflationary reaction within the United States.

Some years ago Australia in a moment of socialist extremity imposed taxation on mining which destroyed her industry. The result was that the economy of Australia was paralysed and her credit during the depression years was virtually non-existent. She had to take drastic steps to get the mining industry back on its feet, and for many years—I believe this is still the case—imposed no taxation whatever on metal mining and was actually forced to pay bonuses to people to get them interested in the discovery and development of mines. I am no prophet of doom, but I do say this to the government: Unless these regulations are amended in the way I have suggested it will not be many years before we in Canada may be bonusing people to return to the ghost towns of northern Ontario and Quebec.

I come now to another question that the house may like to ask: Why is this reduction so serious? At the present time mines in Quebec are making a profit per ton of ore of 62 cents. The gross value of the ore put through the mills of the average Quebec gold producer is somewhere in the neighbourhood of $6.20. Ten per cent of $6.20 is 62 cents per ton, which is the profit the mines are making at the present time. That goes to show how serious this reduction is to the mines.

It may be said that the mines produced gold when gold was worth only $20.67 per ounce. It is true they did, but only the richer mines were able to produce at that time. Costs were extremely low; wages were less than half of what they are to-day; the cost of supplies was less than half, and taxes were negligible compared with what they are now. Furthermore, the increased price of gold has brought into being many northern communities, which are now dependent on development of low grade deposits.

The next question the house may like to ask is: Why is the situation so immediately serious? I have referred to the destruction of profit. As a matter of fact, mines will immediately begin to be operating in the red. Because these mines have been unable to build up surpluses they will shortly come to the end of their resources and it will not be long before what capital they have to tide them over a bad period will be exhausted. When it goes, it goes quickly in a mine, because it costs a lot of money to operate a mining property.

The house may ask: How would an open market operate? I do not suggest that it would be necessary for Canada to follow the South African policy and have a refinery as they have in Johannesburg. I believe that the mint could produce, as it does now, ingots of any desired size and marketability. I believe that the operation of a free market in gold could be

conducted similarly to the operation of almost every other commodity exchange. I believe many of our firms will find that the possession of gold as a part of their reserves is a great asset in carrying on trade throughout the world. Insurance companies, banks, and large oil companies will probably find the use of gold very helpful not only as a reserve but as a means of acquiring foreign exchange and concessions. There is also the factor that there are many people not living in Canada who will wish to purchase gold as a hedge against inflation within their own country.

I come to the final question which the house may ask, and it is this: Can gold stand on its own feet? Here is the final question that must be decided, and it can only be decided by the march of trade. If gold is not worth anything, it should not be produced. But if gold is worth anything, it should receive the world price, and not be restricted. That is the question, and I say to you, Mr. Speaker, that that question can be resolved only through a large open market. There have been stories of the market in Bombay and the market in Alexandria and of very high prices, $70, $90 and probably even more being paid for gold. We are not sure how large those markets were, or whether they were constant, and what the daily volume was of those markets dealing in precious metals.

The whole basis of the Bretton Woods agreement is the value of the various currencies. Under that agreement several countries undertook not to devaluate their currencies. But the actual value in terms of gold of any of these currencies has yet to be decided. In my opinion there is only one way in which the value of these currencies can be adequately determined, and that is by trading those currencies in a free market against gold. The currency is what it is worth in terms of the supreme trading blue chip, and that is gold. That has been the history since the gold standard came into effect. Gold was traded freely on the London market, and it had become fairly stable over a period of years. When the authorities of that day undertook to put the pound sterling on a gold basis they merely took the day's market quotation for the metal. I do not believe we can arrive at any parity of exchange for gold for a long, long time. I do think that unless we allow the market to be free we are never likely by artificial means to have a true yardstick of the actual values of world currencies.

Mr. EUGENE MARQUIS (Kamouraska): Mr. Speaker, although Canada has covered herself with glory, she is suffering from deep wounds as a result of the war. Our country, proud of her heroes, hails them and strews their path with the flowers of her everlasting gratitude. War prisoners, infantry troops, sailors or airmen—they exemplify the stamina and the fighting strength of a young and vigorous nation.

However, our joy is tempered with sadness when we think of those who have gloriously fallen on the fighting lines and when we remember the great wounds which the conflict has inflicted on the nation.

We are going through a period of joy and sadness, hope and regret, post-war worries and planning for the future. We are entering the struggle for a new life.

During the war the needs of our three armed services, as well as those of the devastated allied countries, of some occupied territories and of the essential industries of this country have considerably extended our markets both at home and abroad. The steamship lines and the railroads have reached a pitch of activity that has hitherto been unknown. Our production has increased to a remarkable extent. It is now up to us to maintain our economic power at a high level.

In order to attain that goal we must join our efforts without any partisanship but inspired by the purest Canadian spirit. If there are people who would prefer to play politics, they will be sternly called to account by the people of this country.

Our attention must first go to agriculture which, to my mind, is Canada's basic industry. Besides, history shows that from the point of view of their everyday needs successive generations have always turned to agriculture in fulfilment of their normal destiny. To that, let us add the development of our other natural resources. With the advance of science and the growing needs of the nations, the other industries have taken on a necessary and considerable expansion, but this cannot change mankind's destiny, which is to obtain its daily bread from the soil where the Almighty has caused it to grow.

May I be permitted to pay a grateful tribute to our settlers and farmers, whose heroism is on a par with that shown by the warriors of all times? Their bravery is daily renewed in the discharge of toilsome and oppressive tasks. Soldier heroes may achieve glory by a single feat of arms, but our pioneers of the soil achieve their country's glory by assuring its greatness and prosperity by a lifetime of toil and sacrifice. As farmer's son, I take pride in my origin and take this opportunity of paying homage in this house to the memory of my father, for the valuable lessons taught me by his humble and arduous life as a tiller of the soil.

One of my fondest wishes, therefore, is that agriculture in my country should prosper. As I have already mentioned in this house, my constituency has two choice institutions for the development of agricultural science: the agricultural high school and the experimental station of Ste. Anne de la Pocatière.

During the war, certain public men claimed that these experimental stations were not essential industries, and urged that they be closed down. To my mind, this course would have been quite ill-advised. When a people's life is at stake is hardly the best time in which to cut down its facilities for production and supply. All the more, therefore, can we now appreciate the government's wisdom in keeping these farms in operation.

True, their budgets were curtailed during the war. But now that hostilities are over, could the government not increase its subsidies to those important institutions, particularly the one at Ste. Anne de la Pocatière? This investment would bring dividends to the whole country by placing our agriculture on a more modern and scientific basis.

In this connection, may I be allowed to suggest an improvement? There seems to be some anomaly in the management of the Ste. Anne farm and, I understand, in that of all experimental farms in Canada. The superintendent, a government official, is in the same position as the manager of a private concern. Out of the funds at his disposal he has to meet all expenses, including employees' wages, with the exception of salaries paid to the office staff and department heads. Well-meaning as he unquestionably is, he cannot escape a certain amount of misunderstanding with his employees. Whenever the latter have grievances over wages it is only natural that they should hold the superintendent responsible. In fact, the latter is torn between the obligation to pay fair wages and the no less reasonable obligation to economize and indeed to show a surplus. And there lies the source of many difficulties.

In all fairness to the superintendent and the employees, it would seem necessary that a substantial budget be voted for all farm expenditures, with the exception of wages. These should all be paid by the government directly on a higher classification and wage scale, consistent with regulations provided for various trades in each province. Present wages are inadequate and the classification of trades is an imperative necessity.

I might add that these farms are operated by qualified men, whose experience is deeply appreciated. It would seem just to raise the officials' salaries as well as the employees' pay.

In my view, scientists and technicians are bound to play in agriculture the same part as in war industry. Through their research, experiments and wise counselling, the farmers of Canada will attain first rank in the agricultural world of to-morrow.

In anticipation of this rebirth of agriculture, may I suggest that the government place at the farmers' disposal all obsolete war equipment suitable for farm work. Tractors, trucks, bull-dozers, steam shovels and other machinery used in war time might thus serve to improve our production. This material could also be employed in draining flatlands where new parishes would develop and absorb large numbers of our young people.

The government might in the near future go one step farther and, in conjunction with provincial legislatures, subsidize the drainage and rehabilitation of our farms.

By contributing financially to the setting up of public markets, not only in great cities but in rural centres, as Rivière du Loup and other towns of the same size, we could help to stabilize prices in country areas and particularly in my own riding of Kamouraska. Any measure aiming to stabilize prices permanently is preferable no doubt to special and temporary grants.

The last session opened with a long debate on wheat, a commodity which is highly prized in our country because of its value as an export and as food for our own people. But we must not forget the rest of our produce. In my riding some farmers grow wheat for domestic consumption, but dairy production is the main industry.

"The nation can make no better investment than in milk for its children", said Mr. Winston Churchill during the recent war. Thousands of children from devastated countries and particularly from France and England beg us to relieve their hardship and to save their lives. It is our duty, as descendants of these two great races, to meet that appeal.

During the war, we stoutly assisted Great Britain while she was heroically resisting the aggressor. At that time, however, we were unable to lend a helping hand to France, the mother country of a large section of this dominion. This nation which was credited with so many resounding victories through the ages suffered the most brutal and most humiliating defeat. Trodden down by the oppressor, France deplored her ills in silence, awaiting the hour of liberation. This long hoped for liberation, expected with so much anxiety, must have cost a great deal of devastation and suffering as well as many lives. To-day France rises anew and asks Canada to supply her with milk that she may save the lives of her children, rendered anaemic by hardship.

In the dairy industry, our country is a great producer, but it can increase its output. In 1943-44, Canada produced more than 8,000,000 tons of milk, distributed as follows: 1,678,000 tons of fluid milk, 776,000 tons consumed on the farm, 354,000 tons fed to animals, 4,533,740 tons used in the production of butter and cheese, 275,740 tons processed into condensed, evaporated or powdered milk.

There is no doubt that the output of powdered milk can be largely increased. Aside from whole milk, skim milk, with its high nutritional value, can also be powdered; in that form it will be greatly appreciated by starving countries. May I suggest that the government and particularly the Minister of Agriculture (Mr. Gardiner) promote the dairy industry by every means in their power. The numerous farms in operation can boost to a greater extent our production of milk.

But there is another angle to consider. Numerous farms already under cultivation, which had shown good yields, are now abandoned. In the province of Quebec, alone, there are at least 5,000 such farms. It is also estimated that approximately thirty million acres of arable land in northern Abitibi, in the province of Ontario, could be brought into production. Must I mention the possibilities offered in New Brunswick, in the way of land clearing and settlement? In that part of Quebec known as the lower St. Lawrence and around Chicoutimi and in many other regions near the elder settlements, there are at least one million acres of uncleared land, which could be subdivided into no less than ten thousand farming establishments. Do I have to mention that, according to experts, the districts of Abitibi and Temiskaming hold 15,760,000 acres of tillable land, which represent at least 100,000 farming establishments, or 500 parishes of 200 families each?

We are now faced with the problem of reconstruction. Our war industries are being reconverted to civilian production rapidly enough, but industry alone cannot survive unless we encourage in every way the production of agricultural commodities. Development of agriculture is the answer to unemployment. By increasing production on land already under cultivation and by encouraging the bringing into cultivation of those millions of acres which have never been cleared, we could easily create work for everyone. Those who are employed on farms can earn their own living, as well as that of their families, without becoming public charges. Besides, they can thus bring about a greater industrial development and are in a position to supply the needs of our urban population. We would thus help our trade, by marketing at home part of that production which must otherwise be exported. There would still be jurisdictional difficulties, as between the federal and provincial governments; but I am inclined to believe that, in a matter of such importance, a suitable plan could be worked out to facilitate our country's normal development along the path intended by Divine Providence.

We are an agricultural country and I believe we must encourage agriculture in every possible way. The greater the number of veterans, farmers' sons and men of good will set up on farming establishments, the better stabilized will be our national economy. In war time it is a guarantee of survival and in peace time a guarantee of progress.

May I point out that it is not necessary to bring in immigrants in large numbers from other countries in order to develop our arable lands? If agriculture is given more encouragement and if prices of farm products are maintained at a high level, that is, in keeping with wages and prices of manufactured products, I am firmly convinced that most of our young men will be happy to live peacefully on farms which they will clear themselves or which they will improve with their own hands.

It is absolutely necessary to employ Canadians rather than foreigners. Further, in most European countries there is a tremendous amount of reconstruction work to be done. In England and in France, it seems obvious that every able-bodied individual is needed to restore the economic stability of those countries. It does not behoove us to request much outside help. It is preferable to see that every able-bodied man is given employment, first on farms, and then in some of the industries which have been set up in Canada and which have developed tremendously since the beginning of the war.

In the Canadian scheme of things there is room for the scientific and progressive development of agriculture and for the normal advancement of related and other industries which may help the consumption of our products and the development of our export trade.

If I have supported the agreement between the United Kingdom and Canada, it is because I was convinced that it would help to maintain prices of agricultural products and the economic stability of our country. Indeed, it was difficult at the end of the recent war to maintain our exports and retain our foreign markets without making some kind of contribution, but we must not depend only on such a scheme. If prices of agricultural products should fall off, a depression would certainly follow. We would then witness the exodus of farmers to

the cities, a decrease in agricultural production, a curtailment of industrial activities and, finally, unemployment. That is the problem which must be faced.

It must be admitted that the government has endeavoured to restore quickly our peacetime economy, but I humbly suggest that we should continue to guarantee stable prices for agricultural products and to encourage our young people to settle on farms.

Indeed, family allowances are a great help to farmers in looking after the needs, the education and the training of their families. The amounts paid to them bring about a greater increase of wealth on the farms than in the cities. It is true, no doubt, that the children of workers benefit from this important grant, but the sums handed to farmers' children contribute to a higher agricultural production, to a more careful education and to a special vocational guidance for these children. It is to be hoped that these family allowances may enhance the scientific development of agriculture and that our future farmers may thereby become known as the best in the world. Given the proper development of farming methods and the stabilization of industry, our country will be assured of a foremost part in future world activities.

In concluding, Mr. Speaker, may I be allowed to make to the hon. members of this house a special plea for Canadian unity. It is now more timely than ever to avoid deluding ourselves and being carried away by mere words. If we love our country, if we wish greatness and unity for it, we must put aside all racial and religious prejudices, all differences originating in local difficulties, avoid all sectional rivalries, so that we may think, act and speak as Canadians should. Do you not believe that were a part of this country to refuse to recognize the rights and opinions of other parts, an impassable barrier for our descendants would thereby be erected which would create chaotic conditions for our children? The sole material object of our lives is to prepare the future of our descendants. To a certain extent the French-speaking members of the house have expressed a strong wish to promote a truly Canadian feeling in this country. They all endeavour to speak both official languages. We acknowledge the right of each and every one to entertain personal views, but we deny them the privilege of refusing the same freedom to those who speak our tongue.

I do not claim that certain hon. members are devoid of Canadian spirit and feeling. On the contrary. I believe each one of us is anxious to develop our country and to create a national idea. Then, once and for all, let us place our cards on the table; let us be straightforward and put away from our minds the thought that when someone presents a measure for changing the name of a holiday or for designing a distinct national flag, he does it with the purpose of changing the constitution. We wish to live as Canadians, under Canadian statutes and a Canadian flag, in a united and peaceful Canada.

Mr. LIGUORI LACOMBE (Laval-Two Mountains): Mr. Speaker, the taxation levied upon cooperatives by this budget is an unfortunate move. Nothing was neglected by religious and civil authorities when the problem came up of promoting cooperation in all domains, and especially in the agricultural domain. But, when preparing this budget, did we pay any attention to the substantial subsidies granted to cooperatives by the provinces? Is the government forgetting the devotion of our religious authorities toward the fruitful work of cooperatives? We should not give in to evil influences whose object is only the interests of a few instead of those of the whole nation. Profiteering capitalism will not retreat in front of anything. It will even walk over the corpse of our cooperatives in order to attain its selfish interests. The taxation upon cooperatives built up by the sacrifices of the poor and humble is the worst item of this budget.

The government received innumerable protests against this tax. Every member of this house was warned beforehand. I addressed personally to the Minister of Finance (Mr. Ilsley) several resolutions from cooperatives in my riding and my province, protesting against this tax. Consequently it is with regret that I realize that the government seems to ignore the expression of public opinion based this time upon simple common sense. I beg that it amend the budget resolutions before it is too late. Let the government exempt cooperatives from income tax. Let it not destroy by a stroke of the pen an economy built up after thirty years of sacrifices, devotion and unselfishness. Instead of imposing a tax upon cooperatives, the government should revive subsidies to agricultural county fairs, which were suspended during the war. It would thus foster the breeding of pure bred cattle and the improvement of our much needed dairy industry. On the contrary, on the one hand, agricultural cooperatives are taxed, and, on the other, agricultural fairs are deprived of class B subsidies which are necessary to their survival. The government is all the more stingy when it has no reason to be so, in the same proportion that it is prodigal toward foreign countries.

In 1939, it cost the government $97,000 to subsidize our agricultural county fairs in the province of Quebec. Others are given or lent billions of dollars without interest, but the sum of $97,000 is refused agriculture whose contribution was so great to the victory of our armies. Do you realize, Mr. Speaker, how odious such a policy is? It is never too late to render justice. Let the government revive former grants to our agricultural societies, and relieve our cooperatives from paying income tax. It will then fulfil its duty toward agriculture which was our first line of defence during the war, and which remains our wealth and our strength.

My colleague, the hon. member for Terrebonne (Mr. Bertrand) has on the order paper a resolution asking that irrigation works be executed in the Mille-Iles river. It is with great pleasure that I second this project of my hon. friend. We both represent, in this house, a district where tourists are numerous. Providence has bestowed upon our ridings all the beauties of a majestic nature. Therefore, in view of the public interest, I recommend that the project of my hon. colleague for Terrebonne be put into execution.

On several instances, I have asked for an amnesty in favour of our young men who did not comply with the mobilization act. I am still asking for this amnesty. Why always contemplate punishment? The time has come to forgive these young people. Real justice, like real peace, cannot arise out of hatred and punishment. Above human justice, there is a great commandment which was preached almost two thousand years ago by the Dispenser of justice and peace. This commandment is the commandment of love and charity. Canada did not fight for anything else. The war aims of the united nations were founded on a doctrine of peace, love and charity. Let us not deceive ourselves. Let us grant a general amnesty to our young men.

There is a more frightful danger than the attitude of those who avoided the mobilization act. This danger is within our walls. It is ready to explode simultaneously in a hundred different places. It is communism. How many times in this house did I not denounce this atheistic doctrine? Instead of putting a stop to this communist wave, the government acts as if this doctrine suited its aims. The Canadian Broadcasting Corporation has just offered its facilties to the Labour Progressive party whose recognized chief is Tim Buck.

Is there now a sole Labour Progressive member in this house? The only representative of that party is no more sitting in parliament, and the Canadian Broadcasting Corporation, instead of granting broadcasts to representatives of the people, whoever they be, gives its facilities to Moscow and its gang of spies. How edifying this is! The first duty of the government which is controlling the Canadian Broadcasting Corporation is to notify this servile instrument of propaganda that it should deal in all fairness with every member of this house.

In a Christian country, is it befitting to allow the atheistic and revolutionary Labour Progressive party to diffuse its nefarious doctrine among a nation which needs all its moral strength to overcome the difficult times we are experiencing? The government is breeding a monster which sooner or later will devour it. Let it beware of the hammer and sickle. The Jewish-Masonic gang can effect the worst interventions in Canada, and can carry them very far. The government should not listen with sympathy to promoters of immigration recruited among the emissaries of powerful transportation companies, which are only seeking their selfish interests. There is no room in this country for even one immigrant. A great number of war veterans are still unemployed. There is a housing scarcity. Our whole economic structure was shaken by the war. We have an urgent duty toward Canada, and toward Canada only. To reestablish our national economy, reorganize our finances, pay our debts and give to the nation an example of honesty and thrift. this is the very common sense based upon the most elementary equity and justice.

Before closing, I wish to remind the government of its duties toward the provinces. It cannot avoid them without incurring the most serious difficulties. Let the government hand back to the provinces, in their entirety, all the rights which are guaranteed to them by the constitution. This is no time for arrangements. It is time for action. If such an injustice must persist, the nation will see to it, sooner than we think, that right triumphs over strength and unfairness. This is going too far. Let us hand back to the provinces the complete range of their jurisdiction, which short-sighted politicians have abandoned to the central government. If the government aims at the termination of confederation, let it continue along the line of its mostly unfair attitude toward the provinces.

Finally, I am looking forward to the day when Canada, like the Philippines, will be able to proclaim its independence and cease to follow in London's wake. Like all true Canadians, I sincerely wish that we may live in a free and independent country, and that a distinctive flag, with no signs of colonialism, may unfurl over this magnificent and immense country, the only country we have covered with glory, ennobled and uplifted by the

supreme sacrifice of those who fell overseas under the guns of the enemy for the triumph of freedom, justice and right. Then, and then only, shall we see the real sovereignty and the real valour of Canada. And we shall cherish but one ideal, the most noble and most worthy—independence. A shield of glory will assert the freedom, independence and sovereignty of our nation. Canada needs this freedom for the huge task of restoration which requires all its efforts. This sovereignty must emerge with complete clarity, distinction and brightness beneath a flag which will be a distinctive symbol of rallying around an essentially Canadian policy. It is in this broad, immense and enlightened horizon that I foresee and call for the freedom and independence of my country.

Mr. R. R. KNIGHT (Saskatoon City): Mr. Speaker, in looking about for a particular subject upon which I might speak in the budget debate, I came across a paragraph from something written by the pen of Ellen Wilkinson, minister of education in the British government. She says that her aim is to make the schools provided by the state so good and so varied that it will just seem an absurd thing not to send children to them. Then I received a letter from an address in Canada which reads:

> I am the teacher of a rural school in a small fishing village. This school is built by the side of the public road, and as the land surrounding it is privately owned, the children have no playground. The desks on which the children must sit day after day are old, shabby and uncomfortable.

I could go on with that letter, but it ends with an appeal to the various citizens of this country to come to the rescue of the little children in that school district.

Mr. KNOWLES: Where was it from?

Mr. KNIGHT: Nova Scotia. Then I come to this sentence:

> There is no point in education if it does not give youth a desire for a better life.

So I have my text. I have no apologies to make for speaking on education. I know this is a subject which is somewhat shunned in this house. We feel that it is so much and so particularly the prerogative of the provinces that we are almost afraid to introduce it here. I think that is a mistaken idea. Speaking on the subject of federal aid to education during the debate, I think last May, the hon. member for Dauphin (Mr. Zaplitny) made such a lucid and constructive exposition of the subject and covered the ground so thoroughly, that I was not much disappointed when the procedure of the house precluded my taking part in the debate although I had intended to do so.

The fact that the dominion-provincial conference has failed, or, if that language is too pessimistic, the fact that it is in a state of suspended decision makes it even more imperative that the dominion government should come to the assistance of the provinces in this matter of education. May I assure my hon. friends, with whom this is a debatable point, that I am not suggesting that there should be any form of interference with provincial autonomy with respect to education but rather a standing by of the provinces on the part of the dominion with moral support which would lend weight to the importance of education as an essential part of the national life, and financial support which would ensure to the people of each and every province some equality in the matter of educational opportunities.

There are those who have said that the acceptance of federal grants would be a surrender of provincial freedom, but that is not necessarily so. The federal government is already in the field of education in the matter of grants in aid of technical education, without the loss, so far as I know, of the freedom of anyone. The acceptance of family allowances has enslaved no one. The provision of federal support for education could become an agency for the promotion of national unity. A new national interest in education could be an instrument for national unity, just as education in a broader sense could be used to promote mutual understanding among the people of the world and, with its ultimate aim of international peace, could shine into and dispel dark ignorance, the gloomy breeding ground of suspicion, of hate and of war.

One way in which the dominion government could aid education without objection from anyone would be to provide direct financial assistance to certain brilliant scholars unable to finance their own university courses, thus ensuring that Canada as a whole would have the benefit of their trained minds. Britain's labour government is giving the lead in that connection. Basil Dean in the Ottawa *Citizen* of May 20 says that scholarship winning students in Britain whose parents earn $2,600 a year or less will get full maintenance grants, so that it will not cost the parents one cent for their children's university education. In future, no promising student in Britain will be deprived, by lack of means, of the opportunity for a full university course of study. This is a type of investment which we might well emulate.

Leaving my listeners to study further in the speech of my colleague the matter of federal aid, I shall advance some ideas: first, on the meaning of education; second, on the place of the educator in a world of social change and, third, on a special organization for education which we might well encourage for the national and international good.

Many and diverse are the definitions of education that have been advanced and great are the differences of opinion in regard thereto. I shall only define it indirectly as I develop my idea. Perhaps I shall define it negatively, as to what it is not, rather than positively, as to what it is. Hon. members would be astonished at some of the misconceptions held and the theories advanced. For example, we find that one hon. member of this house has said:

> I suggest that we do not always educate our men and women for the callings for which they are best fitted.

And again:

> This nation cannot afford to waste many of those people by educating men and women for the wrong jobs.

Here is a conception or misconception held by some, but surely one would expect more in a speech on education from a public man in this house. It is a question, of course, of the difference between education and training. The terms are not synonymous. Might I suggest to hon. members generally, and to the hon member whom I have quoted in particular, that education is not necessarily the fitting of a man for a job. Education is a thing of the mind and spirit; its purpose is the creation of a personality, the acquirement on the part of the individual of a broad culture, the creation of a being with a proper sense of values and with the mental equipment for a full and happy life.

Mr. MACKENZIE: Does the hon. member suggest for one second that as much is being done in the old country by way of university training for veterans and ex-service men as is being done in Canada?

Mr. KNIGHT: I did not make any such statement. I said not a word about veterans. The minister seems to be a little touchy on the matter.

Mr. MACKENZIE: We are miles ahead of them.

Mr. KNIGHT: I do not think the minister needs any defence for his scheme, and if I were in his place I would not say so. Nothing used to make me so angry during my teaching years as to have a parent say to me, "But my Willie doesn't need French or literature," or whatever subject he had failed in, "you know he's just going back to the farm"; or "Mary is going to be a dressmaker; why should she read all these books?" Well, now, we have come to the argument of the hon. gentleman. One should say to such people: "Let Willie be a farmer; we hope he will be a good farmer—it is a fine profession; it will provide food for his body, but why should we on that account starve his soul? If he is to work with his hands, if Mary is to work at what may be a monotonous job, all the more reason why their minds should be stored with some of the great thoughts of literature. All the more reason that they should have at hand the greatest thoughts of the greatest men of all the ages, and what is important, some power to interpret them." I am going to pass over the statement of the hon. member for St. Paul's (Mr. Ross), who, speaking of his Ontario constituency, said: "We do not need education." It is refreshing to read elsewhere the words of the Minister of Agriculture (Mr. Gardiner). He said more in a breath than the author of the speech I quoted said in forty minutes. He said:

> A man appreciates being on a farm just a little bit more if he has had the opportunity to get a university education. That should not prevent a man from working with his hands if he has the right kind of stuff in him.

Good! Hear, hear! Education, in the sense I understand it, is not wasted on anyone, no matter what his occupation is to be.

I am not opposed to vocational training or to the teaching of skills; far from it. But let me say this. Let us beware of going too far with this evident trend in utilitarian education. It has been intensified during the war. It is the craze of the machine age.

Knowledge does not necessarily give wisdom, and our science is on the way to destroy us, and will destroy us, if we have not with it the sense of proportion and of values which only true education can bring. Let us beware lest our educational system, in its worship of material things, may gain the whole world and lose its own soul. We must be realistic, you say. Exactly. "Education has now to take on new and terrible responsibilities," President Truman of the United States said the other day. Realism, yes, but the only true realism is idealism; without it civilization cannot survive.

So much for what education is. Now as to the need of it and the teacher's place in it. Harried as we are by the day-to-day call for solution of imminent and immediate national problems, we have been inclined to neglect, federally, the importance of education in a changing social order; and as I speak I am

thinking of the world situation, as well as of our national situation here in Canada. In the face of present-day speed and progress, surely there is need for haste in instituting long-range plans for sharing with all peoples collectively the scientific and cultural heritage of all peoples individually. Cannot education be made to play a vital part in the building of the peace? May it not, free and universal, form a basis of mutual understanding and respect?

That change in the social order is continual and inevitable is acknowledged even by those who wish to apply the brakes to the vehicle of progress, even as it is by those of us who would fain grease the wheels of that same vehicle. Let us first accept that fact, then try to discover how education, and what education, can make this progress smooth and beneficial. Let us learn how best to contribute in the things of the mind and spirit to the welfare and culture of others, how best to absorb what they have to offer in the same sphere; a process which should be as effective between province and province in our own country, between nation and nation in the community of the world, as it is amongst individuals. Indeed, I think it will be proven by experience that the sharing of knowledge, of scientific invention, and a common interest in the arts, and the use of the universal language of music can be aids in the preservation of world peace.

If one accepts the inevitability of social change, then one must also accept as inevitable the necessity of an emphasis on the teaching of the social sciences. The teaching of the social sciences involves more than merely a recitation of social facts; it involves some attempt at interpretation thereof, and that puts the educator into the role of a leader in social progress, rather than that of a mere instrument for the defence of things as they are.

It is unfortunate that the educator has perhaps too easily accepted the latter role, has accommodated himself to the environment and society with which he finds himself encompassed, and so has been pushed into the position of passivity, and is not at all the dynamic force in the shaping of events that he ought to be. He has found out that in his position life is more easy and placid if one does not too vehemently assert his rights of citizenship, and so he yields sometimes to the temptation to follow the paths of least resistance. In proportion as he does so, to that degree he loses the respect of those who look to him for leadership.

I have always protested the circumstances which produce such a retreat from reality. I am not saying to teachers that they should indoctrinate or indulge in propaganda, but I could remind them, too, that by passivity and acquiescence they are already propagandists for the status quo. They are apparently generally so accepted, for when they do even mildly step out of that role, they are immediately rebuked and told that they should stick to the intricacies of algebra or of the transitive verb, or they are accused of indoctrination or of being agitators or communists—and in that connection I deplore the recent comments made upon the educational institutions of this country by the leader of the Social Credit party (Mr. Low).

He would no doubt agree with the following statement by the deputy leader of the Conservative party in the house, who said:

> One of the things that this country must do is to see that the seats of learning, whether they be higher or lower, are purged—

A good word!

> —of any teachers who may be found to have undemocratic ideals, whether they are purveying them to the pupils or not.

He does not define "undemocratic", nor does he say who is to do the purging. And so we are now to dictate to the teachers not only what they shall teach, but what they shall think! That word "purge" does not somehow go well with a passion for democracy. It reminds me too vividly of certain historic events which took place prior to the war in two countries which have for some time not been considered as good examples of the democratic state. I am glad, however, that the hon. member realizes his own limitations. He referred to his own speech, and quite rightly, I think, as a group of rambling remarks and expected criticism in regard to it. Well, let me tell the hon. gentleman that the German teachers, suitably muzzled as to democracy and indoctrinated as to nazism, were the key group in the plans of Hitler in the building up of his tyranny.

But to return to my remark that education can play a vital part in the building of a peaceful world, I want to ask for both government and public support for the united nations educational scientific and cultural organization, which was set up in London in the closing months of last year.

The term "federal aid to education" can have a practical application in connection with this institution. It will need an ample budget, may I say, and the government can help there. Education as an instrument of peace must be universal. It is vain for one country to educate its youth for peace, whilst, all around, its borders are bristling with the guns of those who cry for war. Our aim

should be to acquire the means to teach a minimum programme of peace in every schoolroom in the world.

The organization of which I spoke, commonly known as UNESCO, was planned at San Francisco in the spring of 1945, when the nations pledged themselves to promote international cultural and educational cooperation. A conference was held in London in November, 1945, attended by representatives of forty-four of the united nations, including Canada. A constitution was agreed upon, and the first conference to be held under it was planned to take place in this summer of 1946.

The declaration setting up the organization set forth the following as its purpose:

To contribute to peace and security by promoting collaboration among the nations through education, science and culture in order to further universal respect for justice, for the rule of law, and for the human rights and fundamental freedoms which are affirmed for the peoples of the world, without distinction of race, sex, language or religion, by the charter of the united nations.

Article VII recommends that within each signatory nation there shall be set up a national commission to act in an advisory capacity to their respective delegations, and to act as agencies of liaison between their respective governments and the main body of the organization.

To-day I am appealing to the government and to the country for support for this international organization, and for thoughtful consideration in the setting up of the proposed national organization or commission in Canada. While asking for action and leadership in this regard, I realize that this is a matter in which it is perhaps necessary to hasten slowly, for since it deals partly with education, it is dealing with a matter which comes under the jurisdiction of the provinces. The commission should be established, then, with the support of the provincial governments and all national bodies interested in education, science and culture generally.

This may take some time, and so I urge upon the government some immediate action by way of a beginning. In this field there is no minister, no government department to give a lead; some leadership should be arranged forthwith. The national commission should be set up at once as a consultative and advisory body. Such a body might have the following purposes:

(1) To assemble representatives of the intellectual and cultural life of the nation, those who pursue it professionally and those who enjoy its fruits, and are organized to serve its interests.

[Mr. Knight.]

(2) To provide a national group in which the intellectual and cultural resources of Canada may be expanded and fortified by the mutual exchange of views and experience.

(3) To provide a national body through which the government may keep in constant touch with the ideas, wishes and activities of those directly interested in the education, science and culture of Canada.

(4) To provide, through the government, a link between this aspect of Canadian national life and UNESCO, the international body of which the country is a member.

As for the personnel of such a commission, its membership should be drawn from all the provinces and from organizations in the educational, scientific, and cultural fields. It should meet in widely separated parts of the country. It could thus in its own right become a powerful instrument for national unity.

One thing on the educational side of the organization I would particularly urge upon the federal government. The educational organizations of this country are vitally interested in the success of this organization. The organized teachers of the country are vitally concerned in it. I was informed, in reply to a question I put on the order paper some time ago, that the Canadian teachers' federation have already advised the government in this matter, have asked for representation on the proposed national commission and on the Canadian delegation to the main conference itself, and have even suggested names of those who, they consider, would represent them suitably. Organized teachers are entitled to such representation; I urge it upon the government with all the earnestness at my command. I would urge the government to keep in touch in this whole matter with such fine organizations as the Canadian teachers' federation and the Canada and Newfoundland education association.

UNESCO is vitally important. Let us support it wholeheartedly. In appealing for federal aid to education in this particular and special sense, I think that I can do no better than quote the words of that fine scholar Doctor R. C. Wallace, president of Queen's university, who was one of the Canadian delegates at the preparatory conference of UNESCO last year. I find them in the *International Journal* (winter number 1945-46) published by the Canadian Institute of International Affairs. Doctor Wallace there maintains that the great nations can secure peace for a generation by the use of power, and that during that time this organization of UNESCO can be laying the foundations on which permanent peace and security will be built. He says:

What then is the purpose which has inspired this movement? It can be put in a few words. It is in the minds of men that wars begin. It is in the minds of men that understanding must be created, sympathy inculcated, cooperation established. That can only be done if education is universally shared, knowledge made common property, scientific progress available to all, the fine arts an open book to the whole world. By interchange of scholars and teachers, by translation and publication, by all the means of mass education, by books, by word of mouth, by national and international organizations, the fruits of the mind and the spirit must become the common property not of the intellectuals only, but of men and women everywhere.

Surely, Mr. Speaker, this is a thing worthy of the most generous support of the Canadian government.

I have endeavoured to enlist the support of the members of this house and of this government for federal aid to education. I have defined briefly education as I see it, both as to its effect on the individual, and as a potential instrument of human understanding and international peace. I have outlined the plans of the united nations educational, scientific and cultural organization for making that instrument effective. I have quoted the words of a great head of a great university, a university I think of as peculiarly my own. Let me conclude with the statement of another, the president of the university in my own home city, speaking upon the necessity of the world being as one in the matter of education. He has said well the things that I fain would say. President J. S. Thomson of the university of Saskatchewan, speaking the other day upon the actuality of world community, said that it was a bright spot of our time that never in history was such a great interest taken in education. He believed that the idea of the world community should enter all departments of education; that the theme of our history should be the story of mankind. He said that music should be taught as the international language which interprets the feelings and thoughts of all men. Science belongs to no single country; it is the great cooperative enterprise of the human spirit coming to grips with its natural surroundings. The story of mathematics should be presented as the saga of the human imagination. If we approached our education with that attitude, as training for world citizenship, the teacher and the child would lead the world into a new and better day.

May the words and the ideas of these two men of vision, whose lifework education is, bring us in this house and in this nation to a sense of our responsibility in regard to it.

At six o'clock the house took recess.

63260—207½

After Recess

The house resumed at eight o'clock.

PRIVATE BILLS

ARMY AND NAVY VETERANS

Mr. RALPH MAYBANK (for Mr. Cleaver) moved the second reading of bill No. 244, respecting the Army and Navy Veterans in Canada.

Mr. GRAYDON: I do not happen to have in my list a copy of this particular bill and I should like to have it. That, however, is not the reason for my rising now. I am quite sure that the hon. member for Winnipeg South Centre (Mr. Maybank) is only too anxious to give some explanation before we go farther with the second reading of this bill, and it would be a great shame if he were now deprived of that opportunity.

Mr. MAYBANK: The only explanation I can give, seeing that the request that I should move the second reading has just come to me, is that I understand the object to be the incorporation of this body. That is all I can say.

Motion agreed to and bill read the second time.

CANADIAN INDEMNITY COMPANY

Mr. RALPH MAYBANK (Winnipeg South Centre) moved the second reading of bill No. 246, respecting the Canadian Indemnity Company.

Mr. MacINNIS: I presume the sponsor of the bill will be able to give the same illuminating explanation of this one as he gave of the last bill.

Mr. MAYBANK: I feel I can give just about as illuminating an explanation of this one. The bill has gone through the senate, and the explanation will be found in the explanatory notes. In the main, it appears to be asking power to cut stock, as they say, five ways, from $50 to $10. That is what was done some little time ago in the banking and commerce committee with respect to all the banks at the time of the revision of the Bank Act. They are also asking power to write certain additional kinds of business. Certain powers which they have not had along that line they are asking for now.

Mr. GRAYDON: Has this bill been before the appropriate committee of the senate?

Mr. MAYBANK: I can only presume so, in view of the fact that the senate reported it. I do not know anything about procedure in

the senate. I only know that this was a senate bill, and I understand it was before the appropriate committee there.

Mr. GRAYDON: I asked the question because I am wondering whether the superintendent of insurance appeared before the committee and gave his approval of the provisions of the bill.

Mr. MAYBANK: I do not know, but I should suppose that he could come before the banking and commerce committee of this house and give evidence. He usually does.

Mr. GRAYDON: Is it my hon. friend's object that this bill shall go before the banking and commerce committee after second reading?

Mr. MAYBANK: It is not a question of what my object is; it is whatever the procedure of the house is. I believe that this sort of bill always goes to the banking and commerce committee.

Right Hon. J. L. ILSLEY (Minister of Finance): Perhaps I should say a word about this bill and another one that will come up. I understand that this bill went before the appropriate committee of the senate, received the approval of that committee, and passed through the senate. I should say that the superintendent of insurance does not approve the subdivision of these shares and I would suggest that when this bill is referred to the committee of this house that deals with such bills the superintendent of insurance be called and asked to give his reasons. It is not a matter upon which I feel I should take a stand myself, or upon which the government should take a stand. It is one feature of a bill, one clause of a bill. Unless I change my mind, I would be content to take the judgment of the committee of the house that considers the bill. I think the committee should have before it the superintendent of insurance and hear what he has to say about it.

Motion agreed to, bill read the second time and referred to the committee on banking and commerce.

CANADIAN FIRE INSURANCE COMPANY

Mr. RALPH MAYBANK (Winnipeg South Centre) moved the second reading of bill No. 247, respecting the Canadian Fire Insurance Company.

Right Hon. J. L. ILSLEY (Minister of Finance): The same remarks apply to this bill as to the previous one. This also contains a section providing for subdivision of existing shares. Here again I may say that the superintendent of insurance is not favourable to this being done, and once more I am content to leave the matter to the judgment of the committee that considers it.

Motion agreed to, bill read the second time and referred to the committee on banking and commerce.

PRESCOTT AND OGDENSBURG BRIDGE COMPANY

Mr. D. A. CROLL (Spadina) moved the second reading of bill No. 248, to incorporate Prescott and Ogdensburg Bridge Company.

Mr. GRAYDON: The sponsor of this bill, I notice, is in his seat and he too, I am sure, is anxious to give a full explanation of the bill.

Mr. CROLL: This bill is very similar to one passed in this house in 1939 fixing the date of expiry in 1942. The sponsors were unable to proceed with the building of the bridge at that time owing to the war, and now they feel they ought to have a new bill rather than have the other one extended, in that they ask the right to build either a bridge or a tunnel. I do not believe there are many differences in this bill and the sponsors are the same.

Mr. GRAYDON: May I ask the sponsor of the bill whether it is his intention to ask that the bill go to a committee of the house?

Mr. CROLL: To the appropriate committee.

Motion agreed to, bill read the second time and referred to the committee on railways, canals and telegraph lines.

THE BUDGET

DEBATE ON THE ANNUAL FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The house resumed consideration of the motion of Right Hon. J. L. Ilsley (Minister of Finance) that Mr. Speaker do now leave the chair for the house to go into committee of ways and means, and on the proposed amendment thereto of Mr. Macdonnell (Muskoka-Ontario), and on the amendment to the amendment of Mr. MacInnis.

Mr. J. R. MacNICOL (Davenport): Notwithstanding the fact that the mining industry is greatly exercised and chagrined over the actions of the government during the last ten days, and notwithstanding the fact that many assert that production in the mining industry will be greatly reduced, I rise to-night to advocate a vigorous expansion in the whole mining industry along the line of greater production. If we can bring this about I believe two things will follow. First, there will be a widening of the business base, with the result that there will be a further broadening of tax-

ation and, to that extent, a general lowering of taxes upon the public generally. Second, such an expansion in production will bring about a great demand for labour, as has been the case in the past and as happened toward the end of the great depression. So I have no hesitation whatever in advocating that in the whole mining industry production be vigorously accelerated.

To-night I am going to try to present one view of expansion, and shall deal with one mineral. Time, of course, would not permit me to deal with many, and I believe my time will be exhausted when I have dealt with one. I am not going to choose the precious metals to talk about; the hon. member for York West (Mr. Adamson) dealt with that subject this afternoon. I am going to deal with a humble metal, plain, ordinary red iron ore. I am convinced that if we can bring about a great expansion in the production of iron ore, in the last half of this century Canada will have perhaps the same opportunity to expand its whole business fabric that our cousins to the south had in the last half of the last century.

Many hon. members have visited Toronto lately, and that is only one city where what I am going to speak about may be noticed. Those who have been there have seen another skyscraper, the new Bank of Montreal building, going up on the northwest corner of King and Bay streets. That provides a great object lesson as to the results coming from the production of iron ore. I am sorry to say that we import a great deal of steel; and while our iron and steel industry has given a great deal of employment we do not begin to produce in this country anything like the iron ore we should produce, nor do we take care of even a small part of our own demand for steel. If one drives outside and around the city of Toronto, one may see—I do not know if it is the case to-day, because I have not been driving very much lately—signboards with beautiful pictorial illustrations of what results from the production of iron ore and steel. One may see beautifully portrayed on these signboards steel ships, steel frames of ships, steel bridges and steel construction work of every order. Beneath these pictures one may read a long line of printing stating that the contractors of Canada have had on hand for this post-war period orders for $300,000,000 worth of structural steel consisting of perpendiculars, horizontals, angles, bars, shapes and other steel products. That $300,000,000 worth of structural steel represents $250,000,000 worth of labour; that is the proportion. In addition, anyone who knows anything at all about steel and construction knows that in orders for $300,000,000 worth of structural steel there are coincident or correlated orders for other steel equipment, such as that required for the expansion of factories; the dump cars; the rails; the expanded steel metal and steel doors; the pipes for conveying steam; the vacuum plants, and all the other works that enter into the buildings of steel construction. Here we have another $300,000,000 worth. In other words, the statement on those signboards means that there are in sight orders for not less than $600,000,000 worth of steel, which means $500,000,000 worth of labour.

That is big business. That is the kind of business Canada should go after. That is the kind of business we must make at least some effort to develop in this country from our own iron ore, in our own steel mills. There is ample opportunity. Anyone who looks at the statistics will see that during the four years prior to the outbreak of the last war Canada imported $600,000,000 worth of iron and iron products of which something between $15,000,000 and $25,000,000 represented raw iron ore imported into this country. If we ever had an opportunity, in my opinion we have it now, in the first place to expand our own iron ore production and in the second place to expand our own steel mills and mills for the smelting of iron ore. I believe it was the late Thomas Carlyle who wisely said that the nation which controls iron controls gold. That puts gold in a secondary position to iron; and if there is one nation in the world that demonstrates the truth of that statement it is the United States.

I may say that I have visited many of the great steel mills in the United States and many of the iron ore deposits in both the United States and Canada. About the middle of the last century two men, Henry Bessemer in England and William Kelly in the United States, though several thousand miles apart, at almost the same time discovered what is now known as the Bessemer steel process which revolutionized the steel business of the world. Very shortly after that discovery the Marquette iron ore range in northern Michigan was discovered. Later on, the great Vermilion iron ore range in Minnesota was located; still later, the incomparable Mesabi iron ore range, also in northern Minnesota, was discovered; and the United States went ahead to become, as it is to-day, the greatest producer of iron and its products in the world. To-day the steel industry in that country, with its thousand or perhaps two thousand puddling plants, steel plants, rolling mills and so on, is the greatest employer of labour in that great nation and the greatest contributor to the national wealth of that country.

That is something for us to shoot at in this second half of the twentieth century we are now approaching. That is a target for Canada to aim at, if we have the iron ore. I believe we have large deposits of iron ore. If time permitted I should like to give a history of the development of the iron and steel industry in Canada from those far-off days when in your own beautiful province, Mr. Speaker, along both sides of that great river which flows into the St. Lawrence at the fine city of Three Rivers, Canada's iron ore business commenced. That is one thing your fair province can take credit for, that therein the iron and steel industry of Canada was begun. The iron and steel industry of Canada commenced there, and it continued for quite a number of years until finally the resources ran out. In my own province of Ontario—I could also speak of the other provinces such as Nova Scotia where they started to smelt iron ore in the eighteenth century—on a beautiful little creek called Potter's creek in the county of Norfolk iron ore was melted. Evidence of it still remains. It was the commencement of a real iron ore industry in Canada. It was not the first, as iron ore had been found about 1800 in the county in which my people settled in 1820, the county of Lanark and in Leeds, but neither deposit was of much importance. For some fifty years they smelted bog iron on Potter's creek, the same type of iron as the ore discovered in Quebec along the St. Maurice river. It is a far cry from the time of Louis XV and the deposit of iron ore which was discovered on the west side of the St. Maurice river to the present day. In all these years Canada has been trying to do something with its own iron ore, but nothing of any magnitude was done until we came to the first great war.

During the first great war a rich deposit of iron ore was found in northern Ontario in the Michipicoten area, 175 miles northwest and also directly north of the fine city of Sault Ste. Marie. At that time Mr. F. H. Clergue was a power in that part of Canada. He was the founder of the steel mills which are to be found at the present time at Sault Ste. Marie. He was the power that brought about the development of the Michipicoten iron ore magnetite ore. It was then called Helen mountain and it contained approximately four million tons of iron ore. That ore was put to great use during the first great war until the ore became exhausted. I am told that at present they are anticipating finding more high-grade ore north of Helen mountain. Close to that is a great deposit of low-grade ore, at New Helen mountain. I spent considerable time in surveying that area. I believe the mountain is about two thousand and some odd feet high. I thought it was about ten thousand feet high when I reached the top. It was much easier coming down than going up. At the present time they are taking out, as the hon. member for Algoma West (Mr. Nixon) will agree, about 750,000 tons of ore per annum. When that low-grade ore is sintered or roasted and smelted it emerges as pigiron. From those 750,000 tons of iron ore last year they received about 270,000 tons of first-class pigiron. Of course the amount is small but it can be developed. Later, I shall speak about the development of low-grade iron ore deposits.

Within the last few years, in fact during the war just closed, what is developing into a large deposit of exceptionally high-grade haematite ore, a sample of which I have in my hand, was discovered in the Atikokan area, to which I shall refer at greater length in a few moments. I wish to revert to what is going on in the United States, to build a platform, if I can, as a proposal for the development of a vast iron ore and steel industry in Canada. During the war just closed the demand for iron ore reached colossal proportions in the United States. The tonnages reached astronomical figures and, according to great engineers who have knowledge of the subject, the United States is experiencing a great contraction in its iron ore deposits. A recent issue of the Toronto *Globe and Mail*, I believe the October 1, 1945 issue, said that during the five years of war, in the United States 470 million tons of high-grade Mesabi and Vermilion ores were shipped to blast furnaces in Chicago, Toledo and Cleveland and other points. Cleveland has great smelting plants. To these plants they brought down 470 million tons of high-grade ore, to such an extent that the ablest of the United States engineers and geologists have become alarmed. They are alarmed, first, because, if all their high-grade ore became exhausted, what would they do in the event of another great war breaking out? I am told by those who should know that the Mesabi ore has been reduced to much less than a billion tons in sight. That is not very much from a mine which heretofore was considered inexhaustible. If their iron ore is reduced to that extent it is Canada's chance. This is Canada's chance. One of the United States great engineers and geologists, Mr. W. R. Van Slyke of Minnesota, who is thoroughly conversant with everything pertaining to the Mesabi and Vermilion iron ore ranges, the greatest in the United States, wrote the war production board of Washington last

summer warning them to do two things: first, to withdraw from possible extraction of ore in that area four hundred to five hundred million tons; that is, take it out of circulation, prevent it from being used. In his letter he recommended that because of the necessity of having high-grade ore in vast quantity if and when the United States should ever again require it for defence. Second, he recommended that their own vast low-grade ores be put to work. He suggested that the United States government—and I am going to suggest the same thing to this government later—bring the best engineers, geologists and scientists together to develop the finest technique for processing low-grade ores, so that they would be able to retain their present great Mesabi and Vermilion iron ore ranges, or at least a portion of them.

What I have given has been facts. Canada has a chance because here we, too, have splendid low-grade iron ore deposits. We have the vast low-grade iron ore deposits in Algoma to which I referred a moment ago. We have vast low-grade iron ore deposits on Taxada island and on the island of Vancouver. Out there they also have water power, hydro power. If they had high-grade iron ore to mix with the low-grade ore, along with the hydro power, it would mean the erection of a steel industry in British Columbia, to which I shall refer later on.

That brings me to the next point. Where is the high-grade ore in Ontario? At this point I wish to say that I personally am not interested in the remotest possible way in any mine or in any ore. I speak from a world of experience in the study of iron and steel. I speak as a Canadian with a heart filled full of hope that the time will come when Canada, particularly in this century, will take her place in the sun by being a great producer of both iron ore and steel.

My hon. friend whom I see across the aisle, the hon. member for Fort William (Mr. McIvor), knows that what I am saying is true. I spent a lot of time at Steep Rock in the Atikokan area. I was there during the wet season. When one goes into an iron mine he must be prepared to get not only his clothes but his boots fairly well marked up. However, that made no difference. When I go out on a survey I want to see the last part of it; I want to see all there is about it. I made a thorough survey while at Steep Rock.

I had the good fortune while there to meet representatives of the R.F.C. in Washington and other engineers. They were capable, brilliant men and I had the good fortune to be able to discuss with them the value of this ore and its probable tonnage. I am convinced that there is a large tonnage there, not because of anything that I could see but for three principal reasons. First, I do not believe the United States government would have allowed the R.F.C. to invest $5,000,000 in that iron ore mine without sending engineers there, which they did, to make a thorough investigation as to the possible and probable tonnage. They are too clever for that. Their men must have reported back that the evidence obtained from the diamond drill cores, which are still there to be seen by anyone who cares to go there, was such that it would warrant the R.F.C. lending $5,000,000 in Canada to proceed with the production of ore in the Atikokan area. That is pretty strong evidence.

But there are two more pieces of strong evidence. The second is the fact that the Ontario government, through the hydro electric power commission, which commission has a number of eminent and brilliant engineers, put up $2,500,000 in order to provide more electric power at Alexandra falls on the Nipigon river and wire it for a distance of 150 miles west to the Atikokan area. That is another reason why I am convinced that there must be a lot of ore there.

Mr. Speaker, I can hardly hear myself speak and I am talking rather loudly. I am really trying to present something to this house. If hon. members are interested at all in the advance of their own country; if they are at all interested in what will put this country ahead and increase our production of iron ore and steel, as has been demonstrated in the United States, I hope they will listen and take an interest in what I am saying. Perhaps they will become more interested in this and help to bring about further development.

I should like to digress for a moment and refer to what two other great countries are doing along the lines of what I am urging should be done in this country. I am going to take a trip to India to see the great works of the Tata iron and steel company at Jamshepur. That is undoubtedly one of the greatest iron and steel producing plants in Asia. It has turned out a lot of iron and steel and has captured for that part of the world much of the iron and steel business. During the late war it did a wonderful job in producing iron and steel.

Then our friends the Russians are doing likewise. They are developing a tremendous iron and steel industry. Unless we Canadians wake up and develop our own iron and steel industry in a big way we may be buying our requirements from India or Russia or elsewhere when we should be producing them at home.

I come back now to where I left off. In the Atikokan area there is what is known as Steep Rock lake. This lake consists of three parallel arms. If I hold up my first three fingers, finger No. 1 would represent the east arm; the middle finger would represent the centre arm and the third finger would represent the west arm. This lake is connected to a river which flows into and out of a lake lying immediately north of the east arm called Marmion lake. This latter lake is two miles north.

Steep Rock lake is 1,262 feet above sea level, while Marmion lake is 1,363 feet above sea level, or 101 feet higher. There was a power plant situated on the river between the two lakes, but the hydro had to wipe that out in order to prevent the water from flowing into Steep Rock lake. They dammed off the lower end of Marmion lake, and they cut a canal west from Marmion lake to a small lake called Raft lake and then into Finlayson lake, which is directly north of the west arm of Steep Rock lake. Then, by a brilliant piece of engineering they lowered the level of Finlayson lake from 1,398 feet to less than 1,363 feet, so that the water would flow out of Marmion lake through Raft lake into Finlayson lake. Then they cut a canal from Finlayson lake into the west arm of Steep Rock lake. Then they dammed off the centre arm of Steep Rock lake, from the east and west arms.

It is in the centre arm of the lake that two ore beds are found. As I say, they dammed off this arm and pumped it dry. It would be worth any hon. member's time to read of the engineering problems that our Canadian engineers overcame in draining out a lake that had a river flowing into it at the average rate of over 1,000 cubic feet per second. I take my hat off to the Canadian engineers who did that. They dried out the bottom of the centre lake.

In the centre arm of Steep Rock lake are two fine beds of iron ore. The one at the south end, which is within three miles of Atikokan station on one of our great main lines of railway, is called B ore bed. I have here a piece of ore from B ore bed, at the north end of what is called A ore bed. When the overburden is taken off over both these ore beds the ore can be taken out by steam shovel. The week I was there they were taking out ore from B ore bed by steam shovel at the rate of five to six thousand tons a day and taking it out to Atikokan by rail from where it was shipped to the United States.

This is fine business. There were a lot of men working there, and anything we can do to increase the amount of tonnage to be taken out of that lake is all to the good for Canada. When I was there the engineers told me that they can take by steam shovel, open pit method 15,000,000 tons or more of ore out of B ore bed at the south end of the centre arm by steam shovel, and another 15,000,000 or more tons from A ore bed at the north end of the centre arm. Better still, they tell me that as far as the drills went they found the same grade of ore which can be taken out later by regular mining methods.

I believe that Canada has something wonderful in that high-grade Steep Rock ore. Canada has something that will help to push this country along. One pound of gold at the rate of about $35 an ounce is worth about $560, but a pound of steel watchsprings is worth $1,600. In other words, a pound of steel made into watchsprings is worth more than three times as much as a pound of gold. In this ore this country has a treasury that will permit us to advance to heights never dreamed of before.

We have in this country many iron and steel mills. I see my good friend, the hon. member for Hamilton East (Mr. Ross), looking at me. He has two great steel mills in his riding, Dominion Foundries and Steel, and Steel Company of Canada. I shall speak of that a little later, of the expansion that is possible there. We have in Algoma a vast quantity of low-grade iron ore. We have, I am told, upwards of a billion tons high grade iron ore in the three ore bodies, A, B and C, at Atikokan. I suggest that we make every effort to develop these iron ore bodies. We should have steel plants in Winnipeg and in Vancouver. We have them in Hamilton. We should have them in Ojibway, where two or three unused blast furnaces have stood for I do not know how many years, but ever since my hon. friend (Mr. Croll) was mayor of that city. I want to see those blast furnaces put to work. We should have a blast furnace in Toronto. I do not see why we should not have these developments because this iron ore body lies along the great railway highway, the Canadian National Railways, and it is only 140 miles from the St. Lawrence waterway at Port Arthur. There is no reason why, if we developed these mines to the extent they should be developed, we should not be shipping high-grade ore both east and west, from Fort William and Port Arthur. I am sure the hon. member for that district would like to see a mill there, and that will come some day. Some day you will have a big smelting plant in Port Arthur and Fort William and you will be shipping your product east.

Mr. REID: Is it haematite ore?

Mr. MacNICOL: This is haematite. The red proves that, to start with. I said at the beginning, red iron ore. Magnatite is not red

in the same manner. They are both No. 1, and I wish we had inexhaustible quantities of both. Nothing can hold this country back if they are developed.

Mr. GILLIS: How? By private enterprise?

Mr. MacNICOL: I was a private enterprise man myself and I like to hear my hon. friend talk about private enterprise. If there is one thing that I am proud of it is that I have assisted in giving thousands of men jobs, and I like to talk to a man who has given men jobs.

Mr. GILLIS: Is the hon. member suggesting that private enterprise develop these deposits?

Mr. MacNICOL: The iron ore deposits are now being developed by a very fine company. I am glad that my hon. friend mentioned that. The men who discovered this iron ore are wonderful men, Jules Cross of Port Arthur and the late Joseph Errington. For years they travelled up and down that part of the country with no possible hope at that time of getting any reward. But finally, as a result of the persistence of these men, this ore body was discovered and developed. It never would have been discovered but for their persistence and their stick-to-itiveness. The ore was developed by a company which these men promoted, along with Major General Hogarth. I give them credit for promoting that company. The United States government and the Ontario Hydro also put money into its development, as well as this government. I did not mention that before and I am glad to mention it now. I would not suggest for a moment that this government does not also deserve credit, because it put in about $2,500,000 through the Canadian National Railways to build a line from Atikokan to Steep Rock, three miles in length, and strengthening the whole line from Atikokan to Port Arthur, and building a trestle bridge half a mile long and dock at Port Arthur capable of loading 2,000,000 tons of ore in ships that come alongside the dock in the shipping season of 200 days. I give credit to all those who helped to bring about this development. Anyone who helps to develop this country deserves credit.

I see that my time is passing, Mr. Speaker, and I want to make some recommendations as to what might be done. I am not going to ask the government to put up money because this is a time of economy. But they can help by showing their willingness to assist in other ways. I would first recommend that the Minister of Finance consider every possible way of relieving taxation on mining, and particularly on any new mine like this. This is a new mine. It took years to develop it. Last year they shipped about 750,000 tons and this year they expect to ship about 1,000,000 or 1,500,000 tons. It is exceptionally high-grade ore. It contains only about ·020 of phosphorous, only ·021 of sulphur and 2·86 of silica. The iron ore itself is of very high grade, containing from 60 to 61½ per cent of pure iron. So much is that so that the purchasers in the United States can put the iron ore straight into the smelters. It has also other features. It is full of vuges or interstices, so that when it goes into the smelters it rapidly disintegrates, and that is important, as anyone knows who knows anything about melting iron. It is of such high grade that it receives a premium on the market in the United States. That is a wonderful thing for Canada.

My first suggestion was that every possible tax be taken off primary mines.

Next, I suggest that freight rates should be equalized from Atikokan to Port Arthur to compare with the rates from the Mesabi range in Minnesota to Duluth. That is the competing mine.

Third, I would suggest that this government help in the matter of power costs. How can they do that? At the present moment electricity loses a considerable amount of power in its transmission over the wires. I think the time has come when this country should ask its scientists to get busy as the scientists did in Germany and discover a method of transmitting electricity without too much loss of power. That would help to cut down power costs. That is one way in which the government could help.

I have already said that the A ore body was covered with a large overburden of dirt. The government could, if it would, assist in removing the large burden over A ore body by supplying the equipment. That would be something that would enable the company to turn out more ore, and that is the problem. They are expecting, I am told, to turn out this year 1,000,000 to 1,500,000 tons of iron ore. If they could turn out 10,000,000 tons, just think what that would mean! We would then be able to ship this high-grade ore to Vancouver, to mix with the low-grade British Columbia ore and start blast furnaces out there. We would be able to ship to Winnipeg and have blast furnaces and a steel rolling mill and a puddling mill there. We would be able to ship it to Windsor for Ojibway, and open up the three blast furnaces there. Why they did not go on with that development, I do not know. But there should be great steel works in the vicinity of Windsor. They have them across the river at Detroit,

down the river at Toledo, down the lake at Cleveland. We should like to have a steel plant at Toronto. It would be practicable because we have a great water highway, the greatest in the world.

There is a vision; there is a target to shoot at, for this country to produce as much iron ore as it can and smelt it into iron and steel.

I thank you, Mr. Speaker, for your great kindness to me before the dinner recess.

Mr. McIVOR: I should like to ask the hon. member a question. Does he think that dollar parity will result in a boost for the Steep Rock iron ore? I know it will be a great help to our people in the purchase of United States heavy trucks. Does he not think the dollar parity measure will be a great help in selling this iron ore in Canada?

Mr. MacNICOL: In answer to the hon. member's first question, I might say I am for whatever will produce iron ore in Canada.

Mr. CLARENCE GILLIS (Cape Breton South): Mr. Speaker, it is not my desire to prolong this debate—

Some hon. MEMBERS: Hear, hear.

Mr. GILLIS:—but after the last forty-five minutes I am not making any apologies.

Mr. MacNICOL: I have been on my feet for just thirty-five minutes.

Mr. McIVOR: I should like to say that the last forty-five minute speech was extremely good.

Mr. GILLIS: That is a matter of opinion. I always enjoy listening to the hon. member for Davenport (Mr. MacNicol) making an historical survey of water or power or metals. The thing I can never figure out is how the group to my right can plead with the Minister of Finance (Mr. Ilsley) to grant exemption from taxation to billion dollar corporations and at the same time suggest the taxing of cooperatives, people who are lifting themselves up by their bootstraps. That is an angle which always provokes me; it is completely inconsistent. They say, do not tax these billion dollar corporations; provide everything in the way of social security, but do not tax anyone except the people down in the $750 class; spare these poor corporations!

I am going to try to stick with the budget for a few minutes. The hon. member for Vancouver East (Mr. MacInnis), speaking for this group, made a general survey of the budget and did, I think, an excellent job. What I am going to try to do is to be as brief and as explicit as possible on points which, I think, support the arguments he advanced.

To begin with, I am not quarrelling with the Minister of Finance. The minister just happens to occupy a very uncomfortable position; and so long as the rules of the game are as they are, and hon. members on both sides of this house rise in their places and insist that those who hold the means of life in this country in their possession to-day should utilize those means of life for private profit, the minister is going to have to do the kind of job which he has done in this budget. There is no alternative.

Mr. ROSS (Souris): Page the hon. member for Yorkton.

Mr. GILLIS: Perhaps the worst feature of the budget is the failure to raise the exemptions on the lower income groups. I believe the effect will be to create further problems for the Minister of Labour (Mr. Mitchell). Many of the workers across this country, heavily taxed during the war, were looking to this budget for some relief and some improvement in their standard of living through a lifting of the exemptions. Now that they are disillusioned on that score, I believe the result will be to create a brand new set of demands for wage increases, and I think those demands will be completely justified.

The second and perhaps most serious defect in the budget was the failure of the Minister of Finance to follow through with the proposals made to the dominion-provincial conference. One of the most serious things which happened in this country since confederation was the refusal of the premiers of some provinces to assent to the steps taken by the dominion government in order to determine the fields of taxation and pave the way for social security, for putting into effect the building programmes which have been set up across the country, and the health programme which a comimttee of this house spent some months in considering. I believe the major responsibility rests with the provinces of Quebec and Ontario, in failing to recognize the fact that, coming out of this war, we are entering a new era, and that it is not possible to redeem the promises and pledges made to the service personnel who fought this war unless the narrow prejudices which existed in the past are swept away and the dominion government is given greater responsibility and larger finances to meet the many social needs which exist in all the provinces. Perhaps the premier of Nova Scotia was as great an offender as the premiers of the two central provinces. I read very

carefully his statements in the proceedings of the conference; and while he took the stand, when the conference had practically broken up, that he would like to see it reconvened at some future date, he certainly did not make any contribution to keep the conference on an even keel or try to adjust the differences which existed between those who sponsored the meeting and those who, in my opinion, were trying to wreck it. His stand left much to be desired. As a member from Nova Scotia I am quite free to criticize him here or elsewhere, and to a greater extent than are some others.

The plea made by some of the provinces to the effect that provincial governments will be merely a fifth wheel on the coach, that they will lose their constitution and forfeit their power and authority, arouses the reflection that if their performances in the past seventy-five years are the criterion for justifying their existence, it is pretty nearly time that some of them were uprooted. At any rate, in the province from which I come, and in New Brunswick as well, for the past fifty years we have been nothing but overseers of the poor. Everything we had when we went into confederation was siphoned up without any protest from those who had jurisdiction to manage the affairs of the country. Social legislation has been completely lacking. Yet they want to hold on to their positions. It means more prestige for them. To my mind, any premier who takes that stand is thinking of himself and not of the country, and I am convinced that if we cling to these old ideas, and the attitude which wrecked the dominion-provincial conference persists, we are betraying the people who fought this war for a new deal, a new world, and a new order of society. I am reasonably sure that had these agreements gone through and an understanding been arrived at in the conference, the programme mapped out by the reconstruction committee in regard to public works across Canada could have been proceeded with and we in the maritimes would not have the unemployment problem which we have at the present time. That applies also to the health programme and to many other social measures. The wrecking of that conference is the most serious thing that has happened in this country since confederation.

I realize that perhaps the Minister of Finance has not all his own way in the cabinet. His organization is a large and complicated one that cannot be presided over and understood in all its ramifications by any one man, and he has taken a creditable stand and one for which we give him all the praise in the world, in that he is prepared to make agreements with any province that wishes to make them. But he did not follow that through and decide to go forward in that province, if it so desired, with the social measures that were outlined in the dominion-provincial conference. I think that around him and behind him are too many Tories, and I suggest that he should try to weed them out because, unless that question of dominion-provincial jurisdiction in the field of taxation is decided, a serious road lies ahead of the Dominion of Canada.

Another point in the budget upon which I wish to comment briefly is the proposal to tax cooperatives. An agitation was carried on across the country for several months by an organization known as the income tax payers' association.

An hon. MEMBER: Who are they?

Mr. GILLIS: That is just what I should like to know, who they are.

An hon. MEMBER: That should not be too hard to find out.

Mr. GILLIS: If the hon. member has information he would be doing a public service by giving it to the house.

Mr. SMITH (Calgary West): It was given before a senate committee, every word of it.

Mr. GILLIS: I have here an editorial from which I wish to quote a few sentences for the benefit of my hon. friends to my right, and if some of them follow me in this debate I want them to comment on this editorial and give the information asked for in it:

> Just about a year ago the secretary of the income tax payers' association was questioned by the McDougall commission sitting in Winnipeg. The association claimed a membership of 6,300. The secretary said that it depended on membership fees of $1 per member to finance its activities. At that rate and with that membership its revenue could be computed at a little over $6,000 a year—if the members all paid their dues.

Which does not happen all the time.

> Just at present the income tax payers' association is spending money for radio broadcasts at the rate of $10,000 a week, estimated. The spot campaign is already in its third week and, we gather, will continue into the fourth week. Briefly, this means that the income tax payers' association is spending $40,000 (more or less) to misinform the public regarding the cooperatives.

These are the questions I should like hon. members to my right to answer, if they are prepared to defend the income tax payers' association:

> Where is the association getting the big money to carry on its campaign? That is a question which we believe the average Canadian citizen wants to see answered. Is it subscribed by cartels and like-minded big interests and deducted from profits and charged to advertising or some other account in order to escape the income tax?

That angle to the question should be investigated by the government.

This is a question which we suggest should be asked in the house at the present time.

I bring this question up because I know the value of the cooperative movement; and I wish to say that in the province from which I come, and from which the Minister of Finance also comes, the cooperative movement really got its start in the thirties, in the depth of the depression, when miners and steelworkers were working one and two days a week trying to maintain a family. They banded themselves together and went out to find ways and means of raising themselves by their bootstraps under the leadership and guidance of the university of St. Francis Xavier. No one was getting paid for it. It was a recognition on the part of these industrial workers, and on the part of clergymen and small business people, that as far as the system under which they lived was concerned, it had failed to provide the means of livelihood. They could not sit idly by and starve, so they went out to do something for themselves. They organized credit unions, cooperative stores and wholesales and succeeded in building these organizations into fairly large and substantial businesses, out of which no one makes any money. I have been actively associated with them since their inception, and still am, and I have never received anything in the way of dividends. We do not look for them. The earnings of the average cooperative consumer store or credit union go back into the movement in the form of education and the provision of cheap insurance for the average worker, because most of them could not carry on under the circumstances that existed at that time and protect their families.

The Minister of Finance has had pressures and difficulties during the preparation of this budget. We recognize that. But I do not think he gave this question proper consideration, not because he did not wish to, but simply because he did not have the evidence. I want to warn my hon. friends to the right, and other members in this house as well, if they are interested in the democratic form of government and in a democratic order of society, to be very careful in tripping up movements that are built by the people themselves, because you have reached the stage in this country and on this North American continent where you can fail to give the people ownership, to raise their average of education, to show them a real democracy working among themselves and of which they are part and parcel—you can fail to do that, I say, and do what they did in Europe. You can pull our own house of cards down about our ears. Make no mistake about it, that while we succeeded in defeating the nazi philosophy in this war, the nazis were not all in Europe and totalitarianism did not exist only in Germany, Italy and the European countries. You still have that ideological war on your hands, and the surest way to alienate the people from the democratic form of government that we know and understand is to start taking from them the things that they have built themselves. That is confiscation, and that is what you are doing by taking money from the cooperatives in the form of taxation. And you will not get much money. By taxing them you are taking away their means of education. Every year their financial report is brought out, a certain amount is allocated for education, literature and so on. Their education is the democratic philosophy, which enables them to keep people on the road organizing and training store managers, credit union clerks and managers, and things like that. That is what you are taking from them.

Mr. ILSLEY: How?

Mr. GILLIS: By taxing them. You are taxing their reserves; you are preventing them from expanding. In effect, as I understand it with the chance I have had to read the budget, you are relegating them to the position of a profit-making organization.

Mr. ILSLEY: Only to the extent that they make profits.

Mr. GILLIS: But they do not make profits.

Mr. ILSLEY: Then they are not taxed.

Mr. GILLIS: They are not taxed?

Mr. ILSLEY: No, not if they do not make profits. I have expressly stated that if they do not make income we do not propose the imposition of any tax whatever.

Mr. GILLIS: Then it is a matter of interpretation; that is the point. Half a dozen lawyers, sitting behind the scenes in Ottawa, draft the budget. Around that budget will be evolved a lot of regulations, which are to be interpreted, not by people who understand that movement, but by people who have the concept that you have over there; and we suffer. People who know and understand the cooperative movement have no illusions. This fight goes deeper than the budget. The fight to-day is a test between the people's organizations and the cartels of the North American continent. That is what it is; do not make any mistake about it.

Mr. ILSLEY: Does my hon. friend think we did what the cartels wanted us to do?

Does he think we did what the income taxpayers' association asked us to do? Not by any means. We received over thirty thousand cards asking us to tax patronage dividends, and we refused to do so.

Mr. GILLIS: Well, whether or not patronage dividends are taxed is something we shall determine when the proper item comes up. I am not going to argue it now. If the regulations are to be handled and applied by people of the calibre I think will administer them, then I believe the budget resolutions could be construed as meaning that patronage dividends are being taxed. However, as I say, I am not going to argue that point now; when the proper item comes up we shall consider it further.

It amuses me to hear our hon. friends to my right talk about free enterprise. The only free enterprise we have in this country is the cooperatives, the small business in this country from coast to coast. They say a man is free to go out and work and build and do something for himself, but to-day private enterprise in this country is a small monopolistic stranglehold. There is not a small business man in this country to-day who has any more elbow room to do business than I have, and before I am through I will show the house how free they are. I am awfully glad to be able to pull these fellows out into a frank admission. To-night they frankly admit they stand for the taxation of the cooperatives. They did not say that during the campaign, though they were asked that question quite frankly.

An hon. MEMBER: What did you say?

Mr. GILLIS: I said exactly what I am saying now, and I shall continue saying it no matter who likes it or who does not. I think I am right; and election or no election, that is the programme I shall support.

How free is this free enterprise? It has freedom to exploit the people; it is free to walk on the other fellow's back and trample him to death, if it is big enough. It means the tooth-and-claw law of the jungle. As I heard Tommy Douglas, now premier of Saskatchewan, say in this house once, it is pretty much the same as an elephant dancing among the chickens. It is all right if you are the elephant, but it is pretty hard if you are in the chicken class. That is about the philosophy of the enterprise you have to-day. The freedom is gone.

Here is another example of that freedom. The Minister of Finance is from Nova Scotia, a province that has had practically all its industries stolen from it. The banks were siphoned off, and it lost control of its credit and control of practically its whole economy. To-day, if you want to borrow $500 there to establish a small industry—and a great many people are trying to do that to-day—you have to go to Montreal, if you are doing it straight through the private banks. Then, when you go to Montreal they look over their list. What are you going to establish; a machine factory? They say it cannot be done; they already have one in Montreal, and they are selling their products there. Only a few weeks ago in Halifax the minister of industry in the government of that province made a pretty serious accusation against an agency of the dominion government and the milling companies, the free milling companies of Canada. You can go out and establish a flour mill anywhere you like, provided that the big mills want you to. In this case the minister of industry of Nova Scotia made an accusation which I never intended to let go. It appeared in the press. Nobody seemed to bother with it. I am going to read it for the benefit of my hon. friends as another example of free enterprise in this country.

An hon. MEMBER: Can you take the flour and make dough?

Mr. GILLIS: It is not necessary to have flour to make dough; there is a lot of it over to my right just now. This is an editorial which appeared in the Halifax *Herald* of May 8, 1946.

Mr. MacNICOL: That is a good paper.

Mr. GILLIS: Yes, I think I would be quite free to admit that the Halifax *Herald* is perhaps one of the fairest newspapers in Canada. It is interested in the province in which it is published; it fights the battle there, and I give it credit for that. The editorial states:

> During the session of the Nova Scotia legislature recently prorogued, the minister of industry levelled a direct and serious charge against the national harbours board. He charged that "the milling interests of central Canada blocked the Nova Scotia government's plans to erect a million-dollar flour mill at the ocean terminals in Halifax."

I am not going to read the rest of it, but that is the charge.

An hon. MEMBER: Why not?

Mr. GILLIS: If you want me to I shall do so; it gets better farther along.

> Before a house committee the minister declared that—
>
> ". . . he was entirely satisfied that the decision of the national habours board to refuse the government permission to use pier 23 for the mill 'was dictated by the milling interests of this country'."

The fellow who said that is not a socialist. He is a Liberal in a Liberal government pre-

sided over by the former minister for naval affairs in this government. The editorial goes on:

Other committee members "expressed agreement with this view" . . .

There are no Conservatives in the government.

Mr. MANROSS: That is why you have not got the mill.

Mr. GILLIS: I am particularly glad to hear that admission from my Conservative friends. It is a practical admission of the official opposition that the milling interests of Canada are Tories, and because there are no Tories in the government of Nova Scotia, no mill went down to Nova Scotia. We shall see that proper use is made of that statement at the proper time. I merely put that on the record as an indication, first, that free enterprise is not free in this country and that, second, sometime before parliament prorogues I want the Minister of Finance or the responsible minister to give us a statement as to whether the minister of industries in the Nova Scotia government made that charge and can substantiate it or otherwise. The reason I want that done is that if the milling interests of Central Canada blocked the Nova Scotia government from establishing a million dollar industry in that province they did a serious disservice to that province.

At the present time in Nova Scotia we have perhaps one of the greatest unemployment problems in Canada, and it is not getting any better. The solution now is the same as it was in the Bennett slave camps. If you want a job we shall get together four or five hundred at a time. We all remember the mobile labour reserves that Bennett used to talk about, the boys on the rods drifting from one part of the country to another, to keep wages down.

A few weeks ago I noticed an item in the press where 500 men, practically all ex-service men, from the island of Cape Breton are back home, back to the rods. Their gratuities are gone and they have no jobs. They were told that they could take a train and that they would be shipped over to the lumber camps in Maine. The offer was attractive. They went over. That is a nice reception for them to receive. We all remember the cries we heard in the house when the boys were overseas. We all heard the talk of a new heaven and a new earth, no more riding the rods, jobs for everyone, thousands of them; the boys would never be let down. These fellows came back from Holland and took the rods. They were sent over to the woods in Maine, away from their families. They did not stay long. They landed there and found that conditions were not as described. According to the item I saw in the press, most of them had to beat their way back home. They are back in Nova Scotia. I want the Minister of Finance or the appropriate minister to tell us if some interests in central Canada stopped the erection of a million dollar plant in Nova Scotia.

There is another matter to which I should like to draw the attention of the Minister of Veterans Affairs (Mr. Mackenzie). I do not do it by way of criticism, but merely as a thought-provoker. I have heard in the house and out of it, and I have seen in the press, that the crying need in this world to-day is food; that millions of people are starving everywhere. That is true. The government has set up the Land Settlement Act, applicable to service personnel of the war just closed. The act is not too bad, but in my opinion it is not going beyond 1946. I say that for the reason that the latest report showed that some 35,000 applications had been received from soldiers to settle on the land. The director informed us that he could place some 17,000 of them by the end of 1946. The reason that the others could not be placed was that the land was not available. Crown lands were not available because of lack of agreements with the provinces. That brings up the question of the dominion-provincial conference again. If by the end of 1946 there are 18,000 soldiers who cannot be placed on the land they will never be placed there, because their gratuities and their ambition will be gone and they will have drifted into something else. That is something that should be rectified. The food situation of the world is such to-day that the federal government will be completely justified in requisitioning all the land in this country to settle soldiers who made application and who have the necessary qualifications.

There is another factor tied up with the Land Settlement Act. I am emphasizing this because I believe that our Land Settlement Act applicable to soldiers of this war is one of the most important pieces of legislation we have. There is the opportunity of rehabilitating and putting 35,000 people to work producing food, the most necessary requisite to-day. The problem that the 17,000 who can be placed are up against is lack of machinery. They are unable to get farm machinery. Those who are lucky enough to get land cannot get the farm machinery. They have not got it and they cannot get it because it is not produced. That statement was made to us officially. I criticize that because I think there is a solution. We should have solved this problem a year ago. With the legislation on the statute books

the government could have taken over two, three or a dozen of the plants, if necessary, which had gone out of production during the war, retooled them and put them in production for producing farm machinery. The necessary legislation was on the statute books in the form of the Crown Companies Act. They could have done it under that act. Then there was the industrial development bank which I understood was established for the purpose of providing risk capital, capital for ventures which free enterprise will not enter. Under that legislation I believe one of the first obligations of the government should have been to get a few of these plants into production producing farm machinery. They should have requisitioned the necessary land to settle these boys and permit them to produce food, because food requirements are going to be with us for at least the next five or six years. There is no doubt in my mind about that, especially when 80,000,000 people have gone out of production in Germany. They were practically feeding Europe before the war began.

Mr. ILSLEY: There is only one thing limiting the production of farm machinery, namely, the inability to get steel.

Mr. GILLIS: Yes; we probed that question also.

Mr. ILSLEY: That is true.

Mr. GILLIS: That is right. But, provided that you had the raw steel to-morrow you have not the plant and equipment to start producing machinery.

Mr. ILSLEY: Oh, yes.

Mr. GILLIS: No. As I understand it, there is a possibility now of building up the production of raw steel in the near future. I understand from official sources that there is quite a programme, but at present it would take a little time to get into production. We should not wait for the steel to be turned out to start talking about putting these other plants into production. Get them ready, retool them and do the two jobs at the one time. The whole difficulty is that we are not planning at all; we are taking the thing piecemeal. We did not do it in that way during the war. When war broke out we examined the requirements of war and planned their production. The production went ahead one after the other. To-day we are still feeling around, simply because the government does not want to go into the business of taking over where free enterprise is not developing something, and the other fellow who has a small plant and some equipment does not want to expand. He has the opportunity to expand. There must be a demand next year, the year after or for two years. A year ago, when the Minister of Finance and the Minister of Reconstruction (Mr. Howe) were speaking in the house, I understood that they were quite prepared to fill in the gap if free enterprise was not doing the job. In this field of land settlement and the production of steel which is necessary for the manufacture of farm machinery we are trying to carry on by means of legislation, while free enterprise has fallen down. There is no reason in the world why the government should not step in and go ahead. We are just passing a lot of legislation in the house and not following through. You have set up farm improvement machinery and hung it on to the chartered banks. You have set up certain credit organizations for the service personnel and have hung it on to the chartered banks. These things will not work, because the chartered banks have not the necessary staff.

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

Some hon. MEMBERS: Go on.

Mr. GILLIS: Thank you very much.

I am not going to go into that any farther. There is one thing I want to leave with the minister and some of the hon. members to my right in connection with this business of increasing wages, inflation and the cost of production. I should like to give them a practical illustration to show that you can increase wages, get increased production, lower your cost and have the reverse effect of inflation. I am going to take the steel industry as an example, the very one we have been talking about.

In 1939 this organization was producing 202,904 tons of steel and this production was stepped up to 665,889 tons in 1945. With an estimated working force of 3,000 in 1929, the per man production was 67 tons annually. With an actual working force of 3,638 in 1945, the per man production was 183 tons annually. This is an increase of 173 per cent in the per man productivity. The annual payroll increased by 133 per cent from 1939 to 1945, while the annual production increased by 221 per cent in the same period. The labour cost of production per ton of ingot steel was approximately $18 in 1939, and this had dropped to approximately $13 in 1945. While they increased their wage rates by 133 per cent, they reduced the cost of producing steel from $18 to $13 a ton.

I merely mention this because this steel workers' organization has been patient and long-suffering. Finally, the government has placed their case before a commission.

Mr. SMITH (Calgary West): What company is that?

Mr. GILLIS: The Algoma Steel.

Mr. THOMAS FARQUHAR (Algoma East): Mr. Speaker, I wish to speak briefly on this debate in the hope that we may get a vote to-night. I think we in this house and the people of Canada generally agree that the Minister of Finance (Mr. Ilsley) did an excellent job during the war years. Even his most severe critics, if they are fair and reasonable, will admit this fact. To my mind, one of the most difficult jobs has been the control and regulation of prices. No government in the world has made the success of regulating and controlling prices which the Minister of Finance has achieved under the direction of the government of Canada. This fact is recognized not only by the people of Canada but by all other countries. It is well known that the officials of other countries came to Canada from time to time during the war years to make an investigation of the successful working of our regulations governing price controls and have copied and put into effect similar wartime regulations.

No one in this country wishes to have controls maintained unless it is absolutely necessary. I believe, however, that even in peace time it is necessary at times for the government to maintain control to some extent in order to prevent some classes from taking advantage of other classes who are not in a position to defend or protect themselves. It will be noticed that it is the big interests and their representatives in this house who are crying for the removal of all restrictions on both ceiling and floor prices of all manufactured goods and produce; thus allowing them to find their natural levels.

We passed through that experience after world war I with a result that many of us will not soon forget. We paid dearly for the experience and we certainly do not wish to have it repeated at this time. The farmer was a great sufferer at that time because he was at the mercy of a more privileged class who were in a better position to control the situation.

I should like to mention what happened in one particular line, the sale of beef cattle. Good butcher steers were selling on the Toronto market at uncontrolled prices in June, 1920, at $15.02 per hundredweight, and this price dropped to $5.61 per hundredweight in November, 1921. Many farmers who had bought and raised cattle at the higher cost suffered such serious losses that they were many long years in recovering, if they ever recovered. There is no question that if the restrictions were removed now we would have a repetition of what happened after world war I.

For that reason, I trust that the government will pay no heed to the cries of those who represent the big interests in this house for the removal of all restrictions, on both ceiling and floor prices. This would be most disastrous until the danger period of price fluctuation has gone by. Farmers are not unreasonable in their request for fair, stable prices for their products, but they do want some assurance of a permanent price for farm products. In order to give the farmers that assurance, floor prices must be maintained permanently. To my mind, there is no other way of giving the farmer that assurance of permanent farm prices which will assure him a reasonable and fair share of the national income, without which we can never hope to maintain a high standard of living for the people of Canada.

Farming, which is our basic industry, must be profitable if Canada is to be kept prosperous. We must not lose sight of this fact. We must continue to work for unrestricted world trade. It is true that if this is to be brought about, other countries will have to make concessions.

It is also interesting to note that the people of Canada are getting away from the Conservative idea of high tariffs and are working for freer trade with all nations. No longer can the Progressive Conservative party persuade the people of Canada that high tariffs are necessary to the economic life of Canada. That day has passed away, and the Conservative party has almost passed away with it in most provinces. I believe that nothing would have a greater or more far-reaching effect upon international relationships than a freer exchange of goods with all nations.

Another question to which I wish to refer briefly is the reduction in excess profits taxes. It matters not by what name this tax is called. You may call it corporate income tax, excess profit tax, or any other name you wish to call it; the fact remains it is excess profits.

I have heard no argument which has convinced me that excess profits should not be heavily taxed. It is true that this tax was imposed in order to prevent manufacturing industries and business generally from making large excess profits from war-created gains. But why in peace time should business be allowed to have unreasonable excess profits exempt from taxation? Is it not just as important and just as reasonable to have high excess profits taxed in peace time as in war time? Is there a more just tax or a more just source of revenue than a tax on unreasonably high profits?

Surely it is true that the concerns which are making excess profits are those which can best stand taxation, and they should be taxed much more heavily on excess profits than on ordinary profits which are not excessive. It is true that the large excess profits which were made during the war may not be made to the same extent during peace time, but I believe that when industry becomes fully adjusted to peacetime production, and materials become more plentiful, with the tremendous demand for all kinds of goods both at home and abroad excess profits will be high for at least a few years.

One of the arguments used by corporations is that, if not exempt from excess profits tax, they will not have the capital to expand and create employment. I am of the opinion that we have listened altogether too long to this argument, and we have encouraged the expansion of the large corporations to the disadvantage of the smaller business concerns which are in much greater need of encouragement for necessary expansion. It is a well known fact that any city or town is in a much better position if it has a number of small industries operating in it than if it has just one large industry operating, upon which the city, town or community is entirely dependent. I am of the opinion that small business concerns should be given greater encouragement to expand, and that large business corporations which are making excess profits should be heavily taxed.

I am firmly convinced that if we are to retain our present system of private ownership of industry, big business, cartels and large financial corporations must be controlled to a much greater extent than they have been in the past. If they are not controlled our system of private industry will pass out and be replaced by government ownership of industry. The people of Canada will no longer tolerate the control of the financial affairs of this country by cartels, big business and large financial corporations, and I know of no better way of controlling them than by taxation.

Since the war ended, there have been elections held in eight European countries. Prior to the war these countries were under very strong capitalistic control. In each and all of these countries there has been a definite swing to the left. When we see what happened in Great Britain when she swung from a strong Conservative capitalistic government to the other extreme—a strong socialist government—let us not go away with the idea that "it can't happen here". We are making a great mistake if we close our eyes to what is going on in practically all countries in the world to-day with regard to the world-wide feeling that exists in demanding greater freedom from capitalistic control. The great danger is, as history has proven, that nations struggling for freedom usually swing to the other extreme, centralizing their power in the government at the expense of the individual, so that the people bring upon themselves slavery instead of freedom. This has always been true when too great a power has been centralized in governments, and that is the great danger that we are facing to-day.

I am not entirely opposed to government ownership. I believe in government ownership of public utilities, but I am opposed to government ownership of private industry to the extent advocated by the C.C.F. party, and especially so by its extreme element who are rapidly getting control of the party.

I am sure that the people of Canada do not wish to have an extreme socialist government take office in this country. To my mind, the only way of preventing this is for the government to take a definite and decided stand on this question of the control of the moneyed interests in Canada. If this is done, we shall be able to retain our present system of private industry, which I feel all liberty-loving people of Canada would wish to retain.

Mr. H. R. JACKMAN (Rosedale): Mr. Speaker, the budget is always looked forward to as a document of extraordinary interest, for now it is not what our services bring in the open market but what the government lets us keep as "take-home pay" that really matters. In fact the government is gradually getting itself around to the point of view that it is not the people who create the wherewithal by which we live, but the all-powerful state that suffers us in our various capacities and makes all things possible. While we are duly appreciative of the opportunities which living in a community gives, most of us know where we would be if it were not for our own endeavour, sacrifice and hard work.

How did we manage our affairs in this country last year? We spent $4,691 million and we took in $2,955 million. The over-all deficiency was $1,736 million. This amount we just added to our debt. The war was on for part of last year, and during a war the only thing that financial figures do is to measure how much we can possibly turn out, for money is no object when it comes to winning a war and it would be foolish to let it be so. The creation of so much debt year after year does leave a painful aftermath, and that is the real reason why we are having so much trouble in holding down the price ceiling and warding off inflation.

How does the government propose to run our country's business during the present fiscal year? We are going to spend $2,769 million and our revenues will fall short of this amount by about $300 million. As well as raising the money to pay for this deficit, we shall have to raise some money, about another $1,000 million, for the United Kingdom loan, the foreign exchange control board, et cetera; and I hope that the millions for the foreign exchange control board have not already been lost owing to the recent change in the value of the Canadian dollar.

One of the most interesting things about government finances, because it is one of the most unusual ways of doing business, is the method of spending before we have any idea where the money is to come from. This debate is only concerned with the ways and means of providing the money we have already spent or planned to spend. We may preach a stricture or two on economy; but the time to pull in our belts, so that we may be able to reduce taxation and let our economic machine run in high gear, is when we are making appropriations from a not yet provided tax pot. Parliament goes on its merry way as if there were no end to that pot. If we are to have an honest dollar we must cease this business of forgetting to look at our cloth before we cut our coat. Our estimated expenditures for this year of $2,769 million, to say nothing of the extra $1,000 million we must raise for capital account, is a substantial part of our gross national product or national income of about $11,000 million. It is very nice to budget for a deficit of $300 million, for it recalls Mark Twain's saying that he was resolved to live within his income even if he had to borrow to do it. We have almost come to the point where the government is looking after so many of our requirements that we have to ask ourselves, do we want to spend our own hard-earned money, or do we want the government to do it for us? Remember, the government does not create a red cent of it, not even one of those nickels which the minister is withdrawing from circulation. Taxes come from only one source —from the people.

Here I should like to quote a few words from Sir John Anderson, Chancellor of the Exchequer in Mr. Churchill's government:

> It was very forcibly argued in the recent budget debate that all experience in modern states goes to show that when more than about 25 per cent of the national income is taken by the government in taxation, inflation results, for the reason that the public prefers to reduce the cost of the debt and other fixed charges by letting prices go up. As things now stand, when the immediate effects of the war have been worked off, the government will be taking no less than 35 per cent of the national income in taxation.
>
> [Mr. Jackman.]

Perhaps I might add that inflation comes about unwittingly when 25 per cent of the national income goes in taxation, for then taxation becomes so discouraging that less goods are produced.

Canada's federal government's current expenditures alone, again leaving out capital account, are running about 25 per cent of our national income and with capital expenditures, about 34 per cent. We should all be this much better off if we did not have the federal government and its expenditures to support. I am not suggesting that we can do without it, but we must be careful that it does not crowd us out of our tent entirely.

The minister reviewed the reconversion period to date, and noted that 650,000 from the armed services had been released and that work or training had been found for them. Another 650,000 men and women out of war industry have likewise been released. The total number of unemployed is only 200,000, or about four per cent of our working force. There are at least 100,000 jobs available which could be filled if the government had any kind of civilian training programme to fit square pegs into round holes, as promised under the Unemployment Insurance Act.

How different these figures are from the gloomy prognostications of the government's economists and statisticians both here and in the United States who expected mass unemployment during the reconversion period. I have not the figures for Canada, but in the United States these experts figured out that the unemployment figures would reach about eight million this spring. But all the unemployed, including non-veterans, numbered 2,310,000. By May, 11,400,000 male veterans alone had been discharged in the United States. If we ever have a managed economy based on such miscalculations of the future, heaven help our national prosperity!

Nothing can take the place of free competitive enterprise. Our national income is more than double what it was in 1938. In face of our unexpected good fortune, the employment which has been made possible by free enterprise, one might have had good reason to expect some fair measure of relief from wartime taxation.

It is interesting to follow the workings of the minister's mind. He states that immediate economic considerations are of less importance in determining our present proposals than longer term economic policies and the necessities of dominion-provincial relations. Then he devotes a paragraph to the need for export markets if we are to maintain our prosperity. But there is not a word about our

greatly enlarged home market. What does he think our people are going to do with their increased purchasing power? Where a man had two shirts and one pair of shoes he is now going to have an extra shirt and a pair of shoes for Sundays; he is also going to eat more meat and generally enjoy a higher standard of living, thus greatly expanding the home market. The domestic market is a much better market than the export market; and while Canada must always be an exporter of its basic agricultural products and those of the mine and the forest, we should take second thought about depriving ourselves of, much less lending the money for others to buy, what we so badly need for our own people. Why build locomotives for others when we need houses for our veterans? Exports financed by credits for which we do not immediately receive imports only add to the inflationary pressure.

The minister then mentioned the second most powerful influence in maintaining employment and production—private expenditure of a capital nature. Housing is mentioned as paramount among these. But nothing is done to stimulate the building of houses as was done for industry and labour in order to bring about war production. At the present rate of construction we shall never overtake even the most urgent cases which cry out for relief. On March 25 in this chamber I mentioned several cases in the city of Toronto; one, where there were no less than fifty-four people in one house—appalling conditions in this day and age. There is something wrong with the operation of a system which cannot provide houses for veterans and other citizens.

The minister then mentioned a third support of our reconversion period, and here drew our attention to consumer expenditures. Veterans' expenditures were singled out as having constituted a powerful influence in increasing the total of what consumers have been "trying" to spend. The minister must have blushed when he thought of his government's timing of the introduction of family allowances. Prices were referred to as being pulled up by excess purchasing power and pushed up by wage increases. We are told we must resist pressure, because the battle is nearly over and, I presume, victory is in sight. I do not propose to go into this vexed question at this time, but it will be interesting if the minister would tell the people of Canada what he means by "nearly over". A year has already gone by. Under his fiscal policies there is little early probability of supply catching up with demand unless he steers us into a depression. Nothing he has done has cured the disease caused by deficit financing. Price control poulticing only covers up the symptoms from the public gaze. The real answer, the constructive answer, the minister says, to the inflationary pressures existing at this time is to work and produce the goods that are wanted in greater volume, so that our greater buying power will result in more goods at reasonable prices, rather than fewer goods at higher prices. The real difficulty of maintaining price control lies in the government's deficits, which for the last five years have been as follows: 1942, $396,000,000; 1943, $2,137,000,000; 1944, $2,557,000,000; 1945, $2,558,000,000; 1946, $1,735,000,000, or a grand total for the five-year period of $9,383,000,000 of deficits—over nine billion dollars.

Total bank deposits have increased from $2,500,000,000 in 1938 to about $6,000,000,000. Active note circulation, that is to say, money in your pocket and in mine, has increased from $205,000,000 in 1938 to $1,100,000,000 in 1946, or an increase of over five times in note circulation. Compare these figures with the physical volume of business which in April of this year, the last month available, was 193 as compared with 100 as the average for 1935-39. That is the reason why many people will tell you that we already have inflation, and why the minister should tell the people of Canada how and when is the way out, if he really knows.

We remember that we had high war taxation and compulsory savings, not only to raise revenue but even more importantly to siphon off purchasing power and make it unprofitable to produce more goods for civilian consumption. These reasons are now largely gone, particularly the discouragement to the production of civilian goods; but the tax policies have not been put in reverse, as would seem logical if the minister is to attain his ends.

This, then, should have been a production-incentive budget. But is it? We have joined Bretton Woods in order that, in the international field, we may follow expansionist, not restrictionist policies, in helping to keep the economic ship of state on an even keel. Why not adopt expansionist policies in the domestic field also? People produce and work harder, or otherwise, because of the personal advantage or disadvantage in so doing. Surely, after the experience of the last few years, with workers refusing to work Saturday mornings and professional men taking extended holidays, this does not have to be elaborated upon.

Let us turn our attention to the personal income tax exemption. Single workers are now taxed after they receive $750 instead of $660; married workers after they receive $1,500

instead of $1,200. In the cities, where most of the tax is collected, let anyone try to maintain the Canadian standard on such minimum amounts. The tax scale starts at 22 per cent and goes up to 85 per cent on anything above these amounts. Is incentive to be found in any of those rates, in view of the minimum exemptions allowed? Should the Canadian government become an agency for lowering the standard of living of the Canadian people below the necessary level of decency? We are not so much concerned with what other countries may do as we are with allowing a fair standard for those who by their own efforts strive to maintain a decent standard.

Mr. ILSLEY: Would the hon. gentleman be in favour of raising the exemptions to a level which would lose us $300,000,000 in revenue, thus making the deficit $600,000,000, instead of $300,000,000?

Mr. JACKMAN: If the minister will bear with me for a few moments he will hear some constructive suggestions which I shall presently make. The concessions granted are niggardly and even grudging, even when those applicable to 1946 are combined with those promised for 1947. Taxation is still strongly reminiscent of wartime rates when we no longer have a war. Among the strange arguments the minister cites in defence of his policy is the following:

> We cannot secure proper equity and fair treatment if the exemptions from income tax are so high as to exclude most of those receiving incomes.

What right has he to accuse the Canadian people of such a dog-in-the-manger attitude, and how does he reconcile the fact that already many small wage-earners are not and should not be taxed? The majority of the citizens are not made economy-conscious by being included in the tax roll. They merely grouse. Like everyone else, I subscribed to the idea that if a man paid a tax he would be more interested in government expenditures. It was thought to be an excellent investment in citizenship. The result disproves the theory and only leads to the asking of greater "take-home pay". Indeed, it is obviously the minister's desire that taxation be not lifted at the present time. For listen to this:

> Moreover, as I have already indicated, the current economic situation in respect of the available volume of purchasing power and current spending trends is not such as to provide an economic justification for reducing taxes at the present time. Lighter taxes are not needed now for the purpose of permitting or encouraging additional private spending in order to maintain employment this year. In fact, if only immediate economic conditions were involved, one could make a case for temporary higher taxes in order to curb the excess of spending in some directions that is tending to pull prices up.

What an example of a restrictionist policy! This is managed economy with a vengeance, a shining example of how we are to be treated if the brain-trusters are to be allowed to run the affairs of the Canadian people. Let our people be warned by it!

Yet the minister talks about increased production as the primary aim and need of the present budget. So let us see how he would encourage married women to remain at their jobs. I am not speaking of mothers with children to look after, but there are many married women who have not such responsibilities but who are free and who desire to work part time. With the shortage of help in the domestic field and in the needle trades, where work is done at home, to mention only two classes—and one might include some of the able secretaries in the House of Commons—there are many women who will not work beyond the earning of $250 which is allowed them before their husband's taxation is substantially increased. Earned incomes of married women did not reduce a husband's tax exemptions to those of the single man during the urgent need for war production. But now production apparently is not so necessary, and yet the minister preaches production as the chief means of offsetting the calamitous dangers of inflation.

Of course, in theory a married man should not be allowed the marital exemption of $750 if his wife works. I agree. But are we more interested in theory or in production? It is a case of man being made for the theory and not the theory for man.

Mr. ILSLEY: Are we not interested in equity and fairness to some extent?

Mr. JACKMAN: I am not going to elaborate an answer to the minister's question. I am interested in production, and I do not believe that the Canadian people wish to adopt this dog-in-the-manger attitude which the minister suggests. If a man's wife is able to work and produce, particularly at the present time when there are more jobs offering than workers to fill them, I say, let her work and give her some incentive; don't reduce the married man's exemption.

Mr. ILSLEY: My hon. friend can not have heard the scores of speeches made in this house in the last two or three years on the other side of that question.

Mr. JACKMAN: I am speaking as I see it, as I believe it and as I think I know it will work out. It will help the minister a great

deal if he gets more production. He is endeavouring to put the lid on the prosperity and well-being of this country in order to ward off inflation. What the minister wants above all is production, and I am pointing a way for him to get production. Does he want theory? All right. If he wants fairness and equity to a certain degree, all right; but what we are after is production. If the minister thinks there is any doubt in my mind as to which of the two should prevail, I will tell him it is production.

Mr. ILSLEY: I will take fairness.

Mr. JACKMAN: I wish the minister would make up his mind whether he wants the production of goods and services to give our people a better life, or whether he wants to keep down production by taking away incentive.

Mr. MACKENZIE: It is the very opposite.

Mr. JACKMAN: I should be delighted if the Minister of Veterans Affairs (Mr. Mackenzie) would make a contribution to the budget debate in due course. In the six years I have been in this house I have not heard him make any contribution to any budget debate.

Mr. GARDINER: You make a better speech when you are not reading it.

Mr. JACKMAN: We all do that. Sometimes we must refer to our notes; otherwise we should not get as much in. Apparently the minister is following the advice of two sets of brain-trusters who never before have run the economy of a state and just do not know what makes the clock tick. Let us sympathize with the minister in his desire to keep inflation from manifesting itself; which is at the root of many of the government's contradictory policies. Inflation is with us, owing to the inevitable economic sins in financing the most costly war in history. The production of more goods over which to spread the available purchasing power is all to the good, though there are good authorities who believe that by the very process of enlarged production the purchasing power thereby created will aggravate an already strong and inevitable inflation. If there is a way out of inflation I hope the minister will show it to this house. Whatever may be the financial effects of increased production, we know its social effects are wholly good; the more goods and services that are produced, the more there is to divide among our people and the higher the standard of living

The minister asked if I could give him any suggestion in lieu of increasing the exemptions. Here is one which I offer to him, which I think will help production and help meet the inflation problem. It is my recommendation that some different way must be found to raise a good part of the national revenue, other than that of discouraging enterprise and work. I have already quoted Sir John Anderson's view in that regard. I am not suggesting here that any great part of the load may be dropped; but there is a right way and a wrong way to harness a horse; a man can pull more than he can push, and he can pull more on wheels than he can drag on the ground. To tell a man, whether he wears a blue collar or a white collar, that he will earn less per hour for overtime, because of taxation, just does not work.

While there are some arguments against the extension of the sales tax, there are few when food, which bulks so largely in the average housewife's expenditure, is exempted as I recommend. Very few of our people to-day know there is already a sales tax imposed at the wholesale level. Such a tax does not discourage the worker from working, and there is fairness in a tax policy based on the principle that the more one spends, the more one pays. There is nothing obligatory about paying a tax if one does not purchase; but unfortunately the great growth in instalment sales in normal times is a clear indication that most people will spend if they have the money, and even when they have not. Let the worker have more take-home pay if we are to encourage production. Other indirect or non-incentive destroying taxes must be found if we are to keep our economy in high gear. I may be asked, how does it help in what way we pay our taxes, when they have to come out of the same pocket anyway. The answer is that under the present system the pocket is only half full because the high individual tax rates discourage work, enterprise and production. Under a system such as I propose the same amount of taxes would have to be paid, but we would have fuller pocketbooks out of which to pay them.

May I now say a word on the effects of the government's monetary policy and deficit financing. The pumping of money into the circulation system has had the effect of lowering interest rates. Just as everything goes up in price when there is more money than things to spend it on at the old price level, so bonds went up in price because people had to invest their money somewhere and there was little else to spend it on. The government encouraged us not to spend, anyway. Of course this form of inflation was all right because the

government was the producer of the bonds, and the only place one approves of a ceiling is on what someone else has to sell, not on what one produces. So investors have bought government bonds at inflated levels, and the return on their investment has been cut about in two, while increased taxation has almost reduced this income by half again. In the meantime, nearly all other groups have had some increase in take-home pay in recognition of the increased cost of living, the white collar group least of all. As a measure of great solicitude, the minister now offers the poor retired widow, who may or may not have children to educate, relief by way of increasing the exemption from the special surtax of four per cent on investment income from $1,500 to $1,800. In other words, this munificent concession, after all he has done to the retired man with a small income on which to keep himself, is to give him relief from the four per cent surtax on $300 more of income or, Mr. Speaker, $12 per annum, about the price of a new pair of shoes. Obviously the minister did not have the wealthy investor in mind. I hope he did not spend too much time in working himself up to this pitch of generosity.

Turning now to the corporation tax, we find there is no implementing of the now well recognized unfairness of the double taxation of business earnings, first in the hands of the corporation and then, what is left of the same earnings, in the hands of the individual. The latter is the only one who can consume these earnings; and it was confidently expected that the government would at least make a start in eliminating this feature of double taxation which is generally conceded to be unfair. As with so many other aspects of the budget, one must continue to live in hope. The reduction of the minimum corporation tax from 40 per cent to 30 per cent, though this may only make way for a provincial levy, was a needed step. The ordinary corporation tax was 18 per cent at the outbreak of war, and the additional 22 per cent, making 40 per cent in all, was taken from the Excess Profits Tax Act. This is once again proof that this tax—because even if a business earned less than before the war the higher tax prevailed—was always a misnomer. It was really—and I am sorry the previous speaker is not in the chamber at the moment—an excess tax on profits. A tax of 30 per cent or more on business is still a high tax, but we cannot spend on social services if we do not tax, and business will do its best to create jobs under the present imposition, thankful even for small mercies.

The excess profits tax was a fair one in many respects, because no one should be allowed to profit from the emergency and sacrifice of war and from the forced spending in unlimited volume caused by the war. Today's business is no longer the result of war expenditures, and the average 1936-39 earnings on which the excess profits tax is based has become an anachronism. Just as the island of Manhattan was once sold by the Indians for $24; just as valuable farms in western Canada were once free homesteads, you cannot turn back the hands of time. It is particularly hard on young businesses, and ten years is a long period in the life of any company. Great Britain has recognized these facts and is doing away with the excess profits tax at the end of 1946 and, of course, Great Britain has no corporation tax as we know it. The United States did away with the excess profits tax at the end of 1945. Only Canada is left with this deterrent, to be 15 per cent additional to the ordinary corporation tax of 30 per cent in 1947, a deterrent particularly to small and growing businesses. How can they expand and create employment if they cannot plough back any earnings, just as a farmer ploughs back a crop of clover.

Let me give an example of why Canada cannot afford a substantially higher corporation tax than obtains in the United States, much less an excess profits tax which that country wisely abolished. There are over $4 billion of American investment in Canada, much of it consisting of investment in branch plants. If the American company finds that it can get more profit after tax, retained profit, from its American plant than from its Canadian, it is quite obvious where any goods for export are going to be made. Employment is thus created in the United States which otherwise would have gone to Canadian workmen. Another manufacturer informed me of a developing export business with Newfoundland in competition with firms in the United States. Since the American was allowed, under their tax system, to retain a larger share of his profits he could quote a closer price than the Canadian and hence the business went to the United States.

In his budget remarks the minister said, "this tax has distinct weaknesses and limitations in normal times and it is not to be accepted as a permanent part of our tax structure. Experience, however, has shown, he says "that we are still living in highly abnormal times, the shadow of war is still upon us." What of the United States, and what of the not to be compared strains and uncertainties upon Great Britain?

Is it likely that we shall ever live in a complacent world? Let Canada get back to a fiscal basis on which she may proceed and progress. The difficulty which the minister faces

at every turn is that he has not yet made up his mind whether our economy needs to be encouraged or whether it needs to be held in check. On the one hand, he wants to see production increased; and, on the other, he does not, particularly if it means making the people prosperous and putting more pressure on the price ceiling. He wants to have his cake and eat it too. He asks for more production so that he can hold his price ceiling line, and then he turns around and destroys the incentive for both individuals and businesses without which there is not likely to be more production but less. Already the index figure for the volume of manufacturing stands at 190 as compared with 271 in April, 1945, and 291 in April, 1944. Not since John Bunyan's "Mr. Facing-Both-Ways" have we had such an example of disastrous indecision.

The people of Canada might not be so much alarmed at this budget if the minister had not said that it was "essentially a peacetime budget, providing for the financial needs of the first post-war year which is wholly a year of peace", to which he added that certain demobilization costs would not be of a recurring nature. This, then, is to be the model of his government's production-incentive budgets for the future—may we hope it will be short.

I have asked for a reexamination of his government's policy on excessive expenditures, on exports, on private expenditures of a capital nature, particularly housing, and on consumer's expenditures and price control. I have pointed out the fallacy of the incentive-destroying personal income and corporation taxes, the restrictionist effects of their attempts at managed economy, and the unfair and anti-social distribution of the tax burden in the case of married women who wish to work.

The importance of "take-home pay" has been emphasized and certain alternative fiscal measures have been suggested. We are rapidly drifting, if we permit the trend to continue, into a managed economy where brain-trusters regulate the conditions under which we all strive for a living. It is a step toward socialism and state control and the eventual loss of economic liberty which inevitably leads to the loss of personal freedom for which we have just fought and won a great and costly war. Our duty is to give our people a budget which will ensure them their economic freedom as well as economic security and encourage them to put forth their best efforts in order that all may fully share in the great heritage which is Canada!

Mr. H. W. HERRIDGE (Kootenay West): I just wish to make a few comments on the budget and to present to the house some of the opinions of my constituents toward it. It was interesting to me to listen to the criticism of the Progressive Conservative party members, especially the first two or three speakers who asked for a policy of economy in this country. I am interested in it because, after hearing the criticism and other experiences I have had, I have found the reason why the Progressive Conservative party is called the Progressive Conservative party. When the members of that party sit in the veterans affairs committee they vote unanimously for every scheme that means the expenditure of money, and sometimes vote against the majority of the committee. When the Conservatives come into the house they criticize the government for the expenditure of money in general. Therefore, in the veterans affairs committee we find them very progressive and in the house typically Conservative.

This afternoon the hon. member for York West (Mr. Adamson) dealt with the question of bringing the Canadian dollar to parity with the United States dollar. He pleaded with the Minister of Finance (Mr. Ilsley) to work on behalf of having a free market for gold so that gold could be sold at a world price. When he was saying that I thought of the days of the depression in the United States when there was a free market for gold, when gold was selling at $22.62 an ounce. As a result of government action it had to be raised to $35 an ounce before conditions started to improve in the United States. Yet this afternoon that hon. gentleman was suggesting that the Minister of Finance work for a policy of that kind.

Mr. ADAMSON: There was no free market for gold in the United States. This is partly what caused the depression to take such a firm hold on the economy of the United States.

Mr. HERRIDGE: We differ in that connection.

Mr. SMITH (Calgary West): That is not in the hon. member's book, is it?

Mr. SPEAKER: Order.

Mr. HERRIDGE: Before proceeding further with my few remarks on the budget, I wish to express the appreciation of the people I represent of the government's policy of price control. I believe they all support strongly the present policy of price controls. Many of them write me from day to day and week to week, as also do organizations, urging that I emphasize that price controls be maintained and strictly maintained. When it comes to the question of bringing the Canadian dollar to parity with the United States dollar there has been some criticism of that, and possibly,

as far as gold mining is concerned, it may cause a temporary setback. I am quite sure that, on the whole, it will be of benefit to the Canadian economy. I am quite ready to accept the decision of the Minister of Finance in that respect because of the way in which he and his associates handled the finances of this country during the war period.

I should like to mention the issuance of Canada bonds. In the riding I represent there has been a most sympathetic response to the issuance of these bonds. They are excellent and something that should become a permanent part of the government financial policy.

I have a few criticisms to make which are set out largely in the subamendment moved yesterday by the C.C.F. This subamendment reads:

That all the words in the amendment after "the calendar year 1946," be struck out, and the following substituted therefor:

(1) by raising sufficiently the exemptions of those in the lower income brackets.

In my constituency, particularly among the working people, there is considerable disappointment that the exemptions were not raised to a greater extent. I think it would have been a better policy to have raised the exemption for single persons to $1,000 and for married persons to $1,800, and at the same time place more emphasis upon the sale of Canada bonds. I am quite sure that if the exemptions had been raised and the situation placed before the people there would have been a most generous response—I assume there will be anyway—to the appeal to purchase bonds. The sub-amendment continues:

(3) that the budget fails in the new offer to the provinces to provide for social security measures which will achieve a reasonable standard of economic security for all Canadians.

I know there was great disappointment throughout Canada, particularly among old age pensioners, over the failure of the dominion-provincial conference. I think this government should have announced, as a definite policy to be brought into effect in the near future, some scheme for the alleviation of the condition of these people. There are many people in these older groups, particularly those between the ages of sixty-five and seventy years, who are not able to qualify for old age pension and who also are not able to find a place in the labour market. I submit that provision should have been made for them in the budget. The subamendment continues:

(4) that the budget fails in its tax proposals to recognize the principle that cooperatives are non-profit-making organizations.

[Mr. Herridge.]

I am glad the Minister of Finance and the government did not succumb to the wooings of the income tax payers' association, but I do not think they have recognized the cooperative movement to the extent that they should have. Labour and the cooperative movement are the twin bulwarks of any democratic country. I have had long experience in the cooperative movement and I feel keenly about this. I think the percentage of my constituents who are members of the cooperative movement is greater than the percentage in any other constituency. We have service cooperatives, consumer cooperatives and agricultural cooperatives. I realize that this is a rather strong statement to make, particularly when I am looking at the Minister of Agriculture (Mr. Gardiner).

I am speaking on behalf of the people in my district who support the cooperative movement and I urge this government to give that movement every encouragement possible. When the government went to the country at the last election they put out posters reading, "build for a new social order". If the government want to build that new social order they will have to get the cooperation of the people, and there is no group of people in this country doing more toward building a new social order than those who support the cooperative movement.

This evening the hon. member for Cape Breton South (Mr. Gillis) mentioned what had been done in his district in Nova Scotia, but I should like to give an illustration of what has been done in my constituency. In 1932 a few men who lived in Rossland, who were working for the Consolidated Mining and Smelting company, decided to form a cooperative to transport themselves from Rossland to Trail, a distance of about seven miles. At that time the charge made by a private company was ninety cents for the return trip. A half dozen men got together in 1932, formed a cooperative and purchased five or six seven-passenger cars. From then until the present time they worked steadily at the development of that cooperative until to-day it has 1,000 members whom it transports between those two cities for thirty-five cents the return trip. It has a fleet of fifty-seven passenger cars, a $50,000 garage, several clerks, and has subscribed for over $20,000 of victory bonds. Last year it was able to pay $10,000 in patronage dividends. I mention this as an illustration of what a group of people working together can do for themselves.

It is not only the financial advantage that counts; it is the effect that the cooperative endeavour has had upon the city of Rossland

itself. It has permeated its way into the community. These men working in that movement have seen what can be done and they have formed a consumers' cooperative movement. They are to be found on the city council and in every public activity in the city. As a result of their activities there have been formed other organizations on the same basis which have proved to be extraordnarily successful. On behalf of the service cooperatives, the consumer cooperatives and the fruit organizations of Kootenay West I urge the government to give further recognition to the functions of the cooperatives in this changing society. The subamendment continues:

(2) that the budget fails to provide for the investment of public funds to bridge the gap between anticipated private investment and the total national investment required to assure a high national income and full employment.

The government has failed in not providing for a full programme of investment. This investment should not be limited to any extent to the immediate future. This is the time to plan for the future; this is the time the pattern should be drawn. If this government in this budget had announced to the Canadian people that where private enterprise failed to give good employment at decent wages the government had a programme to put those people to work at decent wages, I think it would have been accepted by the people of Canada as a genuine effort at the beginning of a new social order.

When it comes to the question of public investment, that means public expenditure. In that respect I suppose we shall be criticized by our hon. friends of the Progressive Conservative party. I think I am correct, and if I am not I trust the hon. member for York West will correct me, when I say that we have had a balanced budget only on fifteen occasions since confederation. When it comes to a question of public investment, it is not a question of going into debt. This public investment will be an investment which justifies expenditure. It is entirely different from public expenditures for purely relief projects which do not get us anywhere.

I suggest that this budget would have had a tonic effect upon the Canadian people if some such proposal had been provided, if the government had shown the Canadian people that they were preparing for the future. I admit that with the labour situation, and possibly with the material situation at the present time, it would not be possible to expect any great expansion of public enterprise, but I think the pattern for the future should have been laid down in this budget.

I suggest that there are three or four forms of public investment to which this government should give serious consideration and to which I suggest this government will be giving serious consideration before long.

First, we should have a public investment programme for national housing. That is the first need of the Canadian people; to see our people properly housed and sheltered is our first duty. At the present time several housing projects are coordinated under the administration of one minister, but at the same time we are not tackling this problem in the way we should. We have discovered that in the veterans affairs committee. No one is personally responsible. We should have a large programme of subsidized housing to meet the needs of the Canadian people. That should be planned for in a programme of public investment which would be put into effect as the need develops.

In addition, I feel that there is a tremendous necessity for public investment in the development of irrigation schemes which are so sadly required by many of our good friends on the prairies and by many people in British Columbia, especially in the Okanagan valley, in northern British Columbia and in the Kootenays. That is a programme of public investment which would bring dividends in the way of increased production. It would be a sound investment from every point of view. I believe that at the present time it would not be possible to go very far, but there, again, I suggest that in a programme of public investment this government should be planning great schemes of irrigation projects in western Canada; for the future, water means food.

There is another opportunity for public investment which would absorb the labour slack in the future. There is a great need for a programme of doing away with grade crossings. I understand that there are 30,000 level crossings in this country and that only slightly more than 3,000 are protected. There is a type of public investment which would pay dividends in the saving of life and time and which would build up and improve our facilities. I suggest that this is another form of public investment which should be considered by this government.

I now come to a programme which is of serious concern to the people of southern British Columbia and to the residents of my constituency. As part of a public investment programme trans-Canada highways should be developed. The Canadian people require for the immediate future a good highway system for the transportation of commodities and for the attraction of tourists from the south. During the past few days I have had a number

of letters from residents of my constituency pointing out that hundreds of United States tourists are actually visiting the Kootenays at the present time, and they all complain of the same thing, the poor condition of British Columbia roads, which prevents large numbers of tourists from coming. Here, again, I do not suggest that the time is ripe for the government to step in with a large programme of trans-Canada highway development, but the government should be laying plans for the future, for a system of trans-Canada highways that will be a credit to the country and reflect the wealth which this country can produce. I have here a brief which has been circulated generally throughout western Canada and in British Columbia. It was originally submitted to the dominion regional reconstruction council for Alberta by the Calgary board of trade. This brief deals in general with the possibilities of highway development in western Canada. I shall not read it in full because it is lengthy, but I shall read one or two of the reasons given why this organization believes in the necessity for the development of a dominion government trans-Canada highway programme:

1. To foster and encourage communication between the separate provinces of our dominion with a view to developing a national spirit.

2. To insure Canada to some extent against unemployment.

3. To attract American tourists and to capitalize on the favourable advertising we have received during the past six years.

4. To keep Canadian tourists at home by making motor travel in our own country as attractive as it is elsewhere.

5. To assist in the development of our natural resources, especially mining and forestry.

Then 6, and I am sure this will appeal to the hon. member for York West:

6. To provide a better and more adequate postal service in rural areas, and in communities not served by railways.

7. To improve the health of our nation by bringing hospital centres and medical services closer to our rural citizens through the use of motor transport.

8. To develop our educational system by providing roads over which buses may travel and bring the students to the centres where they will receive adequate and proper training.

9. To encourage farming by bringing the farmer closer to his market with the use of motor equipment.

10. To encourage immigration from the United States.

11. To assist the individual owner of a motor vehicle to operate same more economically.

12. To assist in creating a favourable balance of trade with the United States and thereby raise the standard of living in Canada.

In addition, the Nelson board of trade of my own constituency, supported by all the other boards of trade in the riding and branches of the legion, sent the following letter to the Prime Minister (Mr. Mackenzie King) early this spring:

To the Right Honourable W. L. Mackenzie King,
Prime Minister,
Parliament Buildings,
Ottawa, Canada.

Sir:

It is requested on the following grounds that the federal government contribute to the improvement of the highway between Medicine Hat in Alberta and Hope in British Columbia and that it be recognized as the southern route of the Trans-Canada highway.

(a) It is open for travel 365 days in the year whereas owing to climatic conditions, the northern route known as the Big Bend highway is open for travel for not more than five months in the year.

(b) It serves the most thickly populated area in the interior of British Columbia, the number of residents of the area being at least ten times that of the district contiguous to the Big Bend highway.

(c) It traverses a territory considerably more developed industrially than that adjacent to the Big Bend highway in mining, smelting, power, lumbering and agricultural activities, including among others the principal operations of the Consolidated Mining and Smelting Company, of the power plants of the West Kootenay Power & Light Company Limited and the East Kootenay Power and Light Company Limited.

(d) The public works department of the government of British Columbia has under construction a 40-car capacity steel ferry with necessary landings and approaches to provide for the Kootenay lake crossing.

(e) It provides access to some of the outstanding scenic beauties of southern Alberta and British Columbia, including the Waterton, Kootenay, Slocan, Arrow and Okanagan lakes, which have great possibilities as tourist attractions which cannot be realized until the highway is made adequate for tourist travel.

(f) Throughout its length it is approximately parallel to and within a relatively short distance of the United States boundary and has many connections with the United States highway system.

(g) Its immediate improvement would relieve the unemployment which exists and will continue during the readjustment period.

That resolution is supported by all organizations and residents of my constituency. They are very much concerned about having the southern provincial route, a portion of the trans-Canada highway between Hope and the Alberta boundary, improved and extended. There is one rather unusual feature in connection with the suggestion for the development and extension of this southern provincial highway, and that is the suggestion to make arrangements to go through United States territory to avoid going over the Cascade mountains between Rossland and Grand Forks. Between Rossland and Grand Forks the road climbs to an elevation of 5,400 feet over the Rossland summit and the Cascade summit. The road involved an expenditure of large sums of money, but a satisfactory highway will

never be built, owing to the steep nature of the banks and the trouble every spring with thaws. It is a very difficult route to keep open in winter. At the present time it is not kept open because of the great expense and most people travel from the interior of British Columbia to the coast by United States roads.

An hon. MEMBER: It misses Kamloops.

Mr. HERRIDGE: Kamloops is on the central trans-provincial highway. It just so happens, Mr. Speaker, that those mountains taper out five or six miles in United States territory; and if we could get permission either to purchase 300 feet of right of way in the United States between the American towns of Laurier and Patterson, or possibly get a section—the distance would be some 25 miles long by five miles deep—and have that made into an international memorial park, with special arrangements for immigration and customs, the matter could be dealt with in that way. In any event, the people of my district are very much concerned that the Canadian government shall make some arrangements with the government at Washington to enable us to get around the tapered end of the Cascade mountains through United States territory instead of, for all time, climbing over two mountain slopes unnecessarily.

In this connection I may say that I have travelled over the whole of the road with officials of the United States government and engineers of the department of public works of British Columbia. It is practically level country, its highest floor being some 200 feet below the city of Rossland, and the cost of construction would be very moderate.

In that connection a brief has been prepared by the Rossland junior board of trade. They have done a great deal of excellent work on this subject. I do not want to take the time of the house to read the brief, but the information contained in its couple of pages would, I believe, interest all hon. members; it has to do with a quite unusual proposal, and with the unanimous consent of the house I should like to place it on *Hansard*.

Some hon. MEMBERS: Agreed.

Mr. HERRIDGE: The brief follows:

The Rossland Junior Board of Trade
Rossland, B.C.

The Victory Highway

Object

It is the purpose of this brief to submit preliminary information on a proposed alternative route for the new southern British Columbia trans-provincial highway between the city of Rossland and the city of Grand Forks. It is emphasized that the proposed project is intended as a post-war undertaking.

Present Route

The present highway—locally known as the Cascade highway—is a poor class gravel road at best. In the course of some 40 miles between Rossland and Christina lake—along north slopes practically all the way—it first rises to an elevation of 4,600 feet (Rossland summit), thence drops by a series of treacherous switchbacks to a valley floor, elevation 2,200 feet (Sheep creek), thence climbs a second summit to 5,000 feet elevation (Cascade summit), dropping again to the level of Christina lake, elevation 1,400 feet. Sixty per cent of the above highway is over 3,400 feet elevation, and snow conditions are such that keeping it open all winter is both costly and difficult, if not impossible. It is our contention that it would be an extremely costly undertaking to make this a first class route, and the snow clearance problems would still remain.

Alternative Routes

There exists between Rossland and Christina lake two north-south mountain ranges both extending from the international boundary to the Lower Arrow lake. The easterly range is over 5,000 feet in elevation except for two passes, the one at elevation 4,200 feet near Sheep lake, the other near the international boundary with an elevation of 4,600 feet and occupied by the present Cascade highway. Likewise, except for one 4,000-foot pass at Faron, the westerly range is over 5,000 feet elevation.

In addition to the present route, and the one which forms the subject of this brief, the following other routes have been proposed:

(a) Faron Route

This would involve costly rock work on the north shore of Lower Arrow lake, a ferry across that lake, and a narrow and precipitous 4,000-foot summit between Lower Arrow lake and Christina lake. This road would pass through relatively uninhabited country, by-passing both Trail and Rossland.

(b) Blueberry Creek Route

This route would traverse over 50 miles of entirely uninhabited country, cross over a 5,000-foot summit, and likewise by-pass both Trail and Rossland.

The Victory Highway

The salient feature of this route is that the two mountain ranges previously mentioned both taper off 5 to 6 miles south of the international boundary to elevations of 2,200 and 3,200 feet respectively.

The proposed route—mostly on southern slopes—would follow the present highway from Rossland to Patterson, from whence it would bear west following approximately the course of an existing United States road, for a distance of roughly 25 miles, thence reentering Canada at Laurier.

Construction would be mostly bull-dozer work, the only rock work being a half-mile stretch at the headwaters of Deep creek in Box canyon, a dry canyon.

The average maximum depth of snow along the whole route occurs at Rossland, B.C., where it averages 3 feet yearly. Elsewhere the average is between 1 and 2 feet. Under these conditions, winter maintenance should be relatively easy.

The over-all distance between Rossland and Grand Forks would be about 35 miles, a reduction of from 6 to 10 miles over the present cascade highway. Faster travelling time would be possible along the proposed highway, the grades being less extreme.

Benefits

The proposed Victory highway route would:

(a) Facilitate the movement of agricultural produce to and from the prairies, Grand Forks district, Okanagan, and coast points.

(b) Stimulate tourist traffic in this district. At the present time travel through this district is severely curtailed due to the fear of traversing the treacherous Cascade highway.

(c) Provide year-round bus and freight traffic service between the Kootenay and Grand Forks district, and a highly important link in the southern B.C. trans-provincial highway.

International Aspects

During the winter months the only road link between Rossland and Grand Forks is by a roundabout route through the United States, the Cascade highway being closed due to heavy snow conditions; freight carriers are compelled to travel under bond and seal.

The following means of overcoming international complications that would arise in connection with building the proposed highway are suggested:

(a) That an area extending approximately from Patterson to Danville and from 5 to 6 miles each side of the boundary, be set aside as an international memorial park, and that travel within this area be as free as possible of customs and immigration formalities.

(b) That the Canadian government either lease, or purchase from the United States, a strip of land 300 feet wide. Most of the land is in a forest reserve in which there are few settlers.

Conclusions

The present road link (Cascade highway) between the Trail-Rossland district and the Grand Forks area is inadequate, and it would be extremely expensive to make it a first-class highway. Alternate routes through Canada are not attractive.

We feel that a first-class road link between the above-mentioned areas is vital to the continued prosperity of southeastern B.C., and suggest the Victory highway project be given very serious consideration.

Submitted by:

The Rossland Junior Board of Trade

Endorsed by:

The Rossland Board of Trade (Senior)
The Trail Board of Trade
The Trail Junior Chamber of Commerce

I brought up this matter in the provincial legislature, and the Premier of British Columbia stated that it would be brought to the attention of the proper authorities in Ottawa. Some time ago the Rossland junior board of trade and other organizations wrote to the premier of British Columbia, and he replied to the effect that the matter was being taken up with Ottawa and that they were waiting to hear from the east. Then I wrote the Department of External Affairs, but nobody there knew anything about it. Then I asked for the production of all papers and correspondence between the government of British Columbia or any official of the government of British Columbia and the government of the Dominion of Canada or any official of the dominion government, but again I was told that no one knows anything about it. So that I do not know what has happened to date, and I should certainly like to know what is being done in connection with these proposals for this new diversion into United States territory.

I see, Mr. Speaker, that my time is slipping away very quickly. I am not going on at greater length, except to again emphasize my belief—and it is not my belief only but that of many other people in this country—that the budget should have contained evidences of the government's approach to the reconstruction period, that it should have provided for a programme of public investment for the future, for a housing erection project, for doing away with level crossings, and for a great development of the trans-Canada highway system. I trust that, while this government has not seen fit at this time to give effect to these proposals, when the next budget comes before this house we shall see that the government has reacted favourably to these proposals and is doing the things which I know all of us realize the Canadian people wish to see it do.

Some hon. MEMBERS: Question.

Mr. BENTLEY: Mr. Speaker—

Some hon. MEMBERS: Eleven o'clock.

Mr. ROSS (Souris): Mr. Speaker, may I call it eleven o'clock?

Mr. BENTLEY: May I move the adjournment of this debate?

On motion of Mr. Ross (Souris) the debate was adjourned.

Mr. SPEAKER: Before adjourning the house, it is my duty to call the attention of hon. members to Beauchesne's Parliamentary Rules and Forms, third edition, page 102, article 239, in which they may read:

> Besides the prohibitions contained in this standing order, it has been sanctioned by usage both in England and in Canada, that a member, while speaking, must not:
>
> (o) read from a written, previously prepared speech.

Many times since the beginning of this session I thought I should call the attention of hon. members to this rule; but I hesitated to do so. However, I feel that it is my duty now, particularly to-night, to draw the attention of hon. members on both sides of the house to this rule, and to tell them that I feel I should call to order in future members whenever they read their speeches.

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

Wednesday, July 10, 1946.

The house met at three o'clock.

TORONTO HARBOUR COMMISSIONERS

POWER TO PURCHASE CERTAIN LANDS AND TO BORROW PURCHASE MONEYS

Hon. LIONEL CHEVRIER (Minister of Transport) moved for leave to introduce bill No. 299, respecting the Toronto Harbour Commissioners.

Mr. GRAYDON: Would the minister give an explanation of this?

Mr. CHEVRIER: The object of this bill is to authorize the harbour commissioners of Toronto to purchase a tract of land having an area of 3·4 acres lying north of their present holdings on the north side of Fleet street and east of Fort York armouries in the city of Toronto. The bill also gives to the Toronto harbour commissioners authority to issue debentures in order to raise money with which to pay the purchase price. The powers contained in the bill are in addition to and supplemental of the powers already contained in the Toronto Harbour Commissioners Act, 1911.

Mr. CHURCH: Has the city corporation approved the purchase as indicated in the text of the bill?

Mr. CHEVRIER: I understand it has.

Motion agreed to and bill read the first time.

PRIVILEGE

MR. MICHAUD—REFERENCE TO ARTICLE IN MONTREAL "GAZETTE"

Mr. BENOIT MICHAUD (Restigouche-Madawaska): Mr. Speaker, I rise to a question of privilege. On the front page of this morning's issue of the *Gazette* there appears an article headed, "Debate on controversial budget carried on before empty seats." As the title suggests, this article criticizes severely, without justification, hon. members of the House of Commons. If the reporter had taken the trouble to inquire into the cause of the absence of a large number of members yesterday afternoon he would have found out that a great many of them were busy in attendance before a large and important committee. The reporter stated that there have been 245 members in the house during the course of the present session but, as we all know, three vacancies have occurred. Either the reporter's sense of observation is no keener than his judgment, or else he is disclosing an unusual lack of good faith, and that requires no further comment.

Mr. GRAYDON: You cannot accuse that reporter of bad faith.

PRIVATE BILLS

FIRST READINGS—SENATE BILLS

Bill No. 254, for the relief of Jessie Violet Louise Stargratt Burton.—Mr. MacLean.

Bill No. 255, for the relief of Helen Louise Mitchell Meyer.—Mr. Maybank.

Bill No. 256, for the relief of Donald Dale Carr-Harris.—Mr. Maybank.

Bill No. 257, for the relief of Eugene Ernest Hubert George Colnaghi Williams Waterfield.—Mr. Maybank.

Bill No. 258, for the relief of Gratia Lauzon Rousseau.—Mr. Maybank.

Bill No. 259, for the relief of Laura Olive Byers Manley.—Mr. Boucher.

Bill No. 260, for the relief of Vera Gertrude Horder Fournier.—Mr. Maybank.

Bill No. 261, for the relief of Julia Patricia Byrne Coté.—Mr. Maybank.

Bill No. 262, for the relief of Dorothy Adelaide Grace Vennor O'Toole.—Mr. Maybank.

Bill No. 263, for the relief of Lillian Doris Howard Clark.—Mr. Maybank.

Bill No. 264, for the relief of Helen Agnes Stuart Colt.—Mr. MacLean.

Bill No. 265, for the relief of Alma Gosselin Carbonneau.—Mr. Maybank.

Bill No. 266, for the relief of Florence Cleveland Smith des Baillets.—Mr. MacLean.

Bill No. 267, for the relief of Florence Winnifred Dunlop Starkey.—Mr. Stuart (Charlotte).

Bill No. 268, for the relief of Francis John Stone.—Mr. Maybank.

Bill No. 269, for the relief of Mary McCallum McNamara.—Mr. Stuart (Charlotte).

Bill No. 270, for the relief of Leah Helen Shute Main.—Mr. MacLean.

Bill No. 271, for the relief of Cecile Simonne Robert Turgeon.—Mr. Boucher.

Bill No. 272, for the relief of Edward Cotapschi.—Mr. Maybank.

Bill No. 273, for the relief of Catherine Young Rivard.—Mr. Maybank.

Bill No. 274, for the relief of Mary Jane Michelle Ahern de Brabant.—Mr. Maybank.

Bill No. 275, for the relief of Jean Ethelwyn Marshall Ross.—Mr. Maybank.

Bill No. 276, for the relief of Frank Ernest Smith.—Mr. Baker.

Bill No. 277, for the relief of Cleora Elizabeth Doyle Mastine.—Mr. Senn.

Bill No. 278, for the relief of Elizabeth Carr Johnstone.—Mr. Emmerson.

Bill No. 279, for the relief of Marie-Rose-Yvette Breton Philips.—Mr. MacLean.

Bill No. 280, for the relief of Barbara Laing Robertson MacNab.—Mr. Maybank.

Bill No. 281, for the relief of Anne Goldsmith Glick.—Mr. Maybank.

Bill No. 282, for the relief of Jean Alexandra Oughtred Scott.—Mr. Maybank.

Bill No. 283, for the relief of Charles Horatio Baldwin.—Mr. Maybank.

Bill No. 284, for the relief of Mary Slobodzian.—Mr. MacLean.

Bill No. 285, for the relief of Edward Charles McKerness.—Mr. MacLean.

Bill No. 286, for the relief of Ivy Anderson Lobb.—Mr. Maybank.

Bill No. 287, for the relief of Yvonne Rachel Mayer Richard.—Mr. MacLean.

Bill No. 288, for the relief of Nellie Izbitsky Abracen.—Mr. Maybank.

Bill No. 289, for the relief of Ellen Margaret Price Garvie.—Mr. Baker.

Bill No. 290, for the relief of Sophie Shoob Natovitch.—Mr. Casselman.

Bill No. 291, for the relief of Madge Aileen Hunter Parker.—Mr. Maybank.

Bill No. 292, for the relief of Claire Yaroslawa Lytwyn Pendiuk.—Mr. Maybank.

Bill No. 293, for the relief of Henry Wallace Argall.—Mr. Baker.

Bill No. 294, for the relief of Mary Norma Wickens Baker.—Mr. Maybank.

Bill No. 295, for the relief of Mildred Emily Rogers Thoms.—Mr. Maybank.

Bill No. 296, for the relief of Pauline Gregoire Girard.—Mr. MacLean.

Bill No. 297, for the relief of Marjorie Maxwell Cleghorn Pope.—Mr. MacLean.

Bill No. 298, for the relief of Marie Charlotte Arsenault Leonard.—Mr. MacLean.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

IMPORTS OF POTATOES

Mr. HATFIELD:

1. What quantites of potatoes were imported from the United States for the years 1941, 42, 43, 44, 45 and 46 to date?
2. What subsidies were paid each year on the above potatoes?

Mr. MAYHEW:

1.	Car-lots
1941	737
1942	895
1943	1,404
1944	464
1945	4,417
1946 to June 30	6,530

[Mr. Graydon.]

2.

Year	By Wartime Food Corporation Limited	By Commodity Prices Stabilization Corporation Limited
1941	None	None
1942	None	None
1943	None	$811,174 22
1944	$ 3,394 50*	384,280 54†
1945	37,252 65	1 50†
1946 to June 30	857,785 43	Nil
	$891,643 58	$426,892 18

*Trading profit.

†Recoveries of subsidy were made through the Department of Munitions and Supply on potatoes consumed by the armed forces. These recoveries together with other adjustments in subsidies paid, exceeded the total sums of claims paid by the amount of the figures marked †.

Note: Difference between subsidy payment in the years 1945 and 1946 as compared with importations is explained by the fact that some of the 1946 expenditure is applicable to importations during November and December 1945. On the other hand, the 1946 figure will increase with settlement of outstanding claims applicable to the shown imports.

EXPORTS OF FARM IMPLEMENTS

Mr. WRIGHT:

1. What were the yearly (a) exports; (b) imports of farm machinery and farm machinery parts for the ten-year period 1936-1945, inclusive, and 1946 to the latest date possible, showing (1) quantities of binders, drills, ploughs, combines, harrows, farm machinery parts and repairs, etc.; (2) value; (c) countries exported to and imported from?

Mr. MacKINNON: I am advised that it will take three persons from a week to ten days to compile this information. The material has been published already by the bureau of statistics, and my officials tell me that they will be glad to wait on the hon. member for Melfort and point out to him the various places where the information can be obtained or assist him in any other way to get the information. If that is satisfactory to the hon. member I suggest that the question be dropped in the meantime.

Mr. WRIGHT: Dropped.

Question dropped.

JEHOVAH'S WITNESSES

Mr DIEFENBAKER:

1. How many members of Jehovah's Witnesses are still being held in concentration camps?
2. Of these, how many have been held for (a) 4 years and over; (b) 3 years and over; (c) 2 years and over?

Mr. MITCHELL:

1. As of June 30, 1946, there were 73 postponed conscientious objectors of the Jehovah's Witnesses sect employed in alternative service camps.

2. (a) 2; (b) nil; (c) 24. Forty-seven have been held for less than two years.

QUESTIONS PASSED AS ORDERS FOR RETURNS

RETAIL LUMBER LICENCES

Mr. FLEMING:

1. How many retail lumber licences have been issued under authority of the wartime prices and trade board, by months, commencing July 1, 1945, to persons or corporations not previously holding such licences?

2. What are the names and addresses of such licensees?

Mr. MAYHEW: Return tabled.

MOOSE JAW AIRPORT—JAPANESE

Mr. THATCHER:

1. Has the government received any recent request from the Saskatchewan government, or the city council of Moose Jaw, to use the old No. 32 airport for housing accommodation?

2. Have any Japanese or Japanese Canadian citizens been recently housed in this former airport?

3. If so, how many?

4. For what length of time will they remain in Moose Jaw?

5. How are these persons being employed?

MOTIONS FOR PAPERS

INTERNATIONAL NICKEL—ALLOWANCES FOR DEPRECIATION OR DEPLETION

Mr. COLDWELL:

For a copy of all agreements made on behalf of Canada or by Canada on behalf of any other government or agency, with the International Nickel Company for special tax credits and/or special allowances for depreciation or depletion, under the Income War Tax Act, the Excess Profits Tax Act, or any other authority.

Mr. ILSLEY: There is no objection whatever to producing what is called for by this motion, but it has already been produced. Only one agreement was made under the War Exchange Conservation Act, and it was tabled shortly after it was made.

Mr. COLDWELL: There are no others?

Mr. ILSLEY: There are no others. I have made inquiry in our department and in the Department of National Revenue, and there is none there. If the hon. gentleman would like to let this motion stand until he verifies the fact that the information is already on the table, well and good; or perhaps he might agree to having it dropped.

Mr. COLDWELL: I will take the minister's word for it. I am prepared to drop the motion.

Motion dropped.

COST OF PRINTING AND DISTRIBUTING CERTAIN PUBLICATIONS

Mr. FRASER:

For a statement showing the cost to the wartime information board and the Canadian information service during (a) 1945; (b) 1946, to prepare, print, distribute and mail each of the following publications, namely:—

(a) 1945:

Daily—

Airmail Bulletin.

Weekly—

Facts and Figures; Faits et chiffres; Features for Dailies; Pour la page Feminine; Field Reports; Home Front Bulletin; Radio Service; Communique de la Radio; Weekly Press Service; Communique hebdomadaire; Weekly Press Survey.

Semi-monthly—

Canadian Foreign Language Press Survey; Nouvelles catholiques; Wartime Clips; Nouvelles de guerre.

Monthly—

Canada at War; Canada en guerre; Canadian Churches and the War; Consumer Facts; Information aux consommateurs; Field Reports—monthly summary; Forum Findings; Labour Facts; Labour Facts—U.S. edition; Labour Facts—overseas edition; Communique Ouvriere; Labour Press Survey; Recent Poll Releases; Wallnews; Pour Vous.

Occasional—

Canada at War—Spanish; Canada and Civil Aviation; Communique — bi-weekly; Graphic Sheet Series; Postwar Planning; Renseignements sur les projets d'apres-guerre; Reference papers; Pages documentaires; United Nations Charter; Chartre des nations unies; Your Neighbour, Canada.

Issued during 1945 for DND (Information to Armed Forces) at home and abroad:

Semi-monthly—

Canadian Affairs; Affaires canadiennes; Civvy Street News; Tenue de ville.

Monthly—

Canada Digest; Canadian Affairs Pictorial; Panneau affaires canadiennes.

Occasional—

Looking Ahead Series; Notre vie de demain; Welcome to War Brides.

(b) 1946:

Daily—

Airmail Bulletin; Airmail Bulletin—Spanish.

Weekly—

CIS Weekly; Press Survey.

Monthly—

Recent Poll Releases.

Occasional—

Canadian Cook Book for British Brides; Canada—Handbook for Mexican Book Fair; Reference Papers; Pages Documentaires.

Publications issued by Canadian Information Service, January 1—May 31, 1946 for Department of National Defence (Information to Armed Forces) (Publication ceased February 28, 1946).

Semi-monthly—
Canadian Affairs; Affaires canadiennes.

Monthly—
Canada Digest; Canadian Affairs Pictorial; Panneau affaires canadiennes.

Occasional—
Looking Ahead; Notre vie de demain.

CANADIAN NATIONAL RAILWAYS

PROVISION TO MEET CERTAIN EXPENDITURES AND GUARANTEE OF SECURITIES AND INDEBTEDNESS

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

That it is expedient to bring in a measure to authorize the Canadian National Railway Company to issue securities not exceeding $22,550,000 in principal amount to provide the moneys necessary to meet capital expenditures made or capital indebtedness incurred during the calendar year 1946; to authorize the governor in council to guarantee the principal and interest of securities issued by the company for the purpose aforesaid; to authorize the making of temporary loans to the said company secured by such securities and not exceeding $22,500,000 in principal amount to enable the said company to meet such expenditures and indebtedness; with authority to give financial aid and assistance to other companies of the said national system.

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

Mr. GRAYDON: On a question of privilege, it would appear that Mr. Speaker's reading of the resolution was somewhat different from that which appears on the order paper, and we should like to know with which resolution the Governor General has been made acquainted.

Mr. SPEAKER: This motion is not debatable.

Mr. BLACK (Yukon): The resolution on the order paper is not the one read by Your Honour.

Mr. SPEAKER: In those circumstances I will permit the hon. gentleman to give an explanation.

Mr. ILSLEY: I did not follow Your Honour's reading of the resolution, but I am told by one of my colleagues that through inadvertence Your Honour read one line of the resolution twice.

[Mr. Fraser.]

Mr. STIRLING: It was a great deal more than that.

Mr. ILSLEY: The hon. gentleman will have to explain what is wrong. This is the resolution that has received approval.

Mr. GRAYDON: Do we take it that the resolution on the order paper is the one which the minister has moved and which has received the commendation of the Governor General?

Mr. ILSLEY: Correct.

Motion agreed to.

[*Later:*]

DISCREPANCY BETWEEN RESOLUTION READ BY MR. SPEAKER AND RESOLUTION ON ORDER PAPER

Mr. SPEAKER: This afternoon, after I read the motion of the Minister of Finance under the item "Government Notices of Motion", the hon. member for Peel (Mr. Graydon) drew the attention of the minister to the fact that the motion read by Mr. Speaker and the motion on the order paper were not similar. Since that incident happened, I had an opportunity to compare the two motions and to ask for an explanation. With the permission of hon. members I shall read to them the memorandum which has been prepared for my information.

There would seem to have been a discrepancy between the resolution as read by Mr. Speaker this afternoon in the house respecting the Canadian National Railway finances and the resolution as it appears on the order paper. The practice has always been to make up these resolutions as they appear in the back of the *Votes and Proceedings* under "Notices of Motions". This was done in this case as part of the regular procedure in the journals office. Whenever there is any correction or alteration made by the minister or member in charge, there has always existed an arrangement by which the journals office is notified in advance so that the corrected resolution or notice of motion may be substituted before it reaches Mr. Speaker. This was not done in this particular case and as a consequence the wrong resolution was placed before Mr. Speaker. I might point out in this connection that the reason that such papers are made up in advance is that the house sometimes decides to proceed with its business as it is printed in the back of the *Votes and Proceedings*. This often occurs toward the end of the session. I may say that steps are being taken to prevent a recurrence of the incident.

SPECIAL OPERATORS

BENEFITS TO SPECIAL OPERATORS ENROLLED IN CANADA BY UNITED KINGDOM AUTHORITIES

Hon. IAN A. MACKENZIE (Minister of Veterans Affairs) moved that the house go into committee at the next sitting to consider the following resolution:

That it is expedient to present a measure to make applicable the allowances and benefits accorded a veteran, to certain persons described as "special operators" who were enrolled in Canada by United Kingdom authorities for special duty during world war II, under the Veterans Land Act, 1942, the Veterans Insurance Act, the Veterans Rehabilitation Act, Part I of the War Veterans Allowance Act, 1946, The Unemployment Insurance Act, 1940, the Department of Veterans Affairs Act, the Civil Service Act, the Pension Act, the Income War Tax Act, the Reinstatement in Civil Employment Act, and the War Service Grants Act, 1944.

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

Motion agreed to.

LABOUR CONDITIONS

TEXTILE MILLS IN MONTREAL AND VALLEYFIELD

On the orders of the day:

Mr. ANGUS MacINNIS (Vancouver East): Before the orders of the day are called I should like to put a question to the Minister of Labour. Have representatives of the textile workers asked for an appointment with the Minister of Labour to discuss the labour dispute between the textile mills in Montreal and Valleyfield and the textile workers, and is there anything the minister can do in connection with this dispute?

Hon. HUMPHREY MITCHELL (Minister of Labour): I think about twenty or thirty hon. members received similar telegrams, and they came to see me yesterday. I want to thank my hon. friend for giving me notice of this question. My reply is that a telegram addressed to myself by R. Kent Rowley, Canadian director of the United Textile Workers' Association, was received yesterday. On my behalf, Mr. M. M. Maclean, director of industrial relations of the Department of Labour, sent the following answer:

Retel to Hon. Humphrey Mitchell, am directed to inform you that as Dominion Textile and Montreal Cottons strikes are under jurisdiction of and are being dealt with by provincial authorities, minister feels no useful purpose can be accomplished by meeting union delegation as requested.

On June 18, the hon. member for Beauharnois-Laprairie (Mr. Raymond) asked me if there would be federal intervention in this strike. My reply will be found on page 2590 of *Hansard*.

UNITED NATIONS

INVITATION TO PEACE CONFERENCE TO OPEN IN PARIS JULY 29

On the orders of the day:

Right Hon. W. L. MACKENZIE KING (Prime Minister): Mr. Speaker, this morning at half past eleven o'clock His Excellency the Ambassador of France called at the office of the Department of External Affairs and handed the under-secretary of state the following communication addressed to myself. The communication is in French. I shall give to the house a translation, and shall see that a copy of the original also appears in *Hansard* of to-day:

Ambassade de France,
Au Canada,
Ottawa, le 10 juillet 1946.

Monsieur le premier ministre,

Mon Gouvernement m'a chargé de vous transmettre la communication suivante:

"Le gouvernement français, agissant au nom du Conseil des ministres des Affaires étrangères, a, conformément à la décision du Conseil en date du 4 juillet 1946, l'honneur d'inviter le gouvernement canadien, désigné au paragraphe 2 du texte précité comme devant participer à l'examen des traités de paix avec l'Italie, la Roumanie, la Bulgarie, la Hongrie et la Finlande, à envoyer une délégation pour le représenter à la Conférence qui s'ouvrira le 29 juillet 1946 à Paris au Palais du Luxembourg. Les projets de traités de paix avec l'Italie, la Roumanie, la Bulgarie, la Hongrie et la Finlande préparés par le Conseil des ministres des Affaires étrangères seront communiqués le plus tôt possible au gouvernement canadien en vue de faciliter le travail de la Conférence. Des propositions concernant l'organisation et les règlements de la procédure recommandées à sa considération sont remises à l'ambassade du Canada à Paris".

Veuillez agréer, monsieur le premier ministre, les assurances de ma plus haute considération.

J. de Hautecloque.

Le très honorable Mackenzie King,
Premier ministre du Canada,
Secrétaire d'Etat aux Affaires extérieures,
Ottawa.

Translation Embassy of France in Canada
Ottawa, July 10, 1946.

Mr. Prime Minister:

My government has directed me to transmit to you the following communication:

"The French government, acting in the name of the Council of Foreign Ministers, has, in keeping with the decision of the council taken on July 4, 1946, the honour to invite the government of Canada, designated in paragraph 2 of the text of the council's decision, as being entitled to participate in the consideration of treaties of peace with Italy, Roumania, Bulgaria, Hungary and Finland, to send a delegation to represent Canada at the conference which will open on July 29, 1946, at the Luxembourg Palace in Paris. The draft treaties of peace with Italy, Roumania, Bulgaria, Hungary and Finland drawn up by the Council of Foreign Ministers will be communicated to the government of Canada as soon as possible, with a view to facilitating the work of the conference. Detailed particulars of the organization of the

conference and of the rules of procedure recommended for consideration will be forwarded to the Canadian Embassy in Paris.

Will you accept, Mr. Prime Minister, the assurance of my high consideration.

(signed) J. de Hautecloque.

The Right Honourable Mackenzie King,
Prime Minister of Canada,
Secretary of State for External Affairs,
Ottawa.

I have not had the opportunity since the receipt of this invitation to bring its representations to the attention of my colleagues. Therefore I do not feel in a position at the moment to give the house further information than that the invitation has been received. I hope to-morrow to be able to make a statement as to the government's decision with respect to the delegation.

OFFICIAL SECRETS ACT

INQUIRY AS TO FINAL REPORT OF COMMISSION OF INQUIRY

On the orders of the day:

Mr. J. G. DIEFENBAKER (Lake Centre): Mr. Speaker, I should like to ask the Minister of Justice when the last report of the espionage commission will be filed. I noticed that ten days ago it had been sent to the printers. When will it be laid on the table?

Right Hon. L. S. ST. LAURENT (Minister of Justice): I am afraid the hon. member is a little bit misinformed as to the date on which it was sent to the printer. Parts of the report have been in the hands of the printer since much more than ten days ago, but the last portion of it was sent to the printer, I understand, only last Friday or Saturday morning. It is now in the hands of the printer and also in the hands of the translators, and it is hoped that it will be ready for tabling at a very early day. The printers and translators have been advised that it was hoped they would lose no time in making it available for tabling.

LABOUR CONDITIONS

APPOINTMENT OF CONTROLLERS FOR STEEL INDUSTRY

In the course of the budget debate:

Hon. HUMPHREY MITCHELL (Minister of Labour): Mr. Speaker, hon. members should be informed immediately, I believe, that the government to-day has appointed a controller and three deputy controllers for Algoma Steel Corporation Limited; Steel Company of Canada Limited; and Dominion Steel and Coal Corporation Limited. I table herewith copy of the order in council.

[Mr. Mackenzie King.]

The government has taken this action to assure, as far as it is humanly possible to do so, that work will continue in these important plants.

All three plants are producing coke on a large scale which is being routed by the fuel controller for heating and cooking purposes, and any interruption in the production of coke will impair the already short supply of fuel in sight for Canada's needs.

Furthermore, the continued production of steel is basic in the economy of the nation and any stoppage of the work in these three plants would affect the entire economic fabric of the country.

I am sure hon. members will have followed the various reports, including statements by officials of the steel workers' union, that a strike date would be set on July 12 in the steel industry. You will recall that on the recommendation of the Minister of Labour for the province of Ontario I appointed the Hon. Mr. Justice W. D. Roach, as an industrial disputes inquiry commissioner, and he has been endeavouring to mediate the dispute and bring the parties into agreement and while his efforts have resulted in bringing them closer to an understanding they have not as yet been entirely successful and rather than wait until a stoppage of work occurred, it has been deemed advisable to take the action I am now reporting.

Not only the workers of the three companies concerned and their families would have been affected by a stoppage of work in these plants but also hundreds of thousands of workers in industrial employment directly and indirectly related to steel would have faced the prospect of unemployment within a short time and production in many lines would have been slowed down and stopped.

Mr. F. B. Kilbourn of Montreal, formerly steel controller, has been appointed as controller of the three companies. Mr. B. G. Sullivan of Toronto, Mr. J. Argyle of Ottawa, and Mr. H. R. Pettigrove of Halifax, have been appointeed deputy controllers.

Mr. Justice Roach has consented to continue to mediate the dispute between the interested parties. The companies and the union will continue their negotiations with a view to the settlement of the matters at present in dispute between them.

It will be recalled that the national and regional war labour boards have recently been given an extension of powers in connection with wage rates and are now authorized to fix wages on a just and reasonable basis consistent with the all important matter of retaining price control.

It will be appreciated that Canada, at the present time, is going through a very critical period. If there is too great a strain placed on the wage structure, it will have a disastrous effect on the whole policy of price control.

We have recently seen the results of sudden abandonment of price control with our neighbours to the south It has been publicized from an authoritative source that prices have shot up 12·7 per cent.

The Canadian Congress of Labour unions are holding a meeting of the wage policy committee in Hamilton to-day, and I wish to report that I have sent a telegram to the chairman of the committee, Mr. Conroy, and at this point I would like to read a copy of this telegram:

Ottawa, Ont., July 9, 1946.

Mr. Pat Conroy,
c/o Royal York Hotel,
Toronto, Ont.

In view of the meeting of your wage policy committee I feel impelled with the friendliest of feelings to place before you and your colleagues the following views. According to the latest reliable information obtainable the abandonment of price control in the United States has resulted in a 12·7 per cent increase in certain living costs and an average estimated at 10 per cent. I do not need to emphasize to you the gravity of a similar inflation spiral developing in Canada which might quite easily occur with unrestricted wage increases leading to the abandonment of price control. Those in the best position to judge state most emphatically that wage increases beyond an amount considered just and reasonable cannot be made effective if price control is to be retained. Again it is the considered opinion of those best able impartially to assess the present economic situation in Canada that increases in wages beyond ten cents per hour and in some instances less will force a break in the price ceiling. Amendments recently made to the wage control order have cleared the way for favourable consideration of application to war labour boards for just and reasonable increases in wages and it is my hope that all labour leaders should see the wisdom of using the machinery provided by the wage control order as revised rather than resort to threats of strike and strike action. On numerous occasions I have commended labour for its cooperation in making the policy of price control effective and I should regret very greatly at this time any action by organized labour which would place such a strain upon the price ceiling that it would crack and bring about an inflationary situation which would be detrimental to the interests of all workers and many others whose incomes never rise as rapidly as prices once inflation sets in. Referring to our recent conversation connection with B.C. wage settlements you may have noticed I stated recently in the House of Commons that the B.C. interior lumber, logging and box manufacturing industries settled with the I.W.A. for a ten-cent per hour increase.

Humphrey Mitchell,
Minister of Labour.

63260—209½

THE BUDGET

DEBATE ON THE ANNUAL FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The house resumed from Tuesday, July 9, consideration of the motion of Right Hon. J. L. Ilsley (Minister of Finance) that Mr. Speaker do now leave the chair for the house to go into committee of ways and means, and the amendment thereto of Mr. Macdonnell, and the amendment to the amendment of Mr. MacInnis.

Mr. J. A. ROSS (Souris): Mr. Speaker, in pre-war years it was the custom in this chamber to have the budget presented by the Minister of Finance in the first quarter of the year. During the war years it eventually became the custom to bring down the budget about half way through the current year. In 1945, after the termination of the war, the annual budget was presented I believe on October 12, in the third quarter of the year. Now for 1946 we are to miss entirely an effective budget; for by the financial statement of the Minister of Finance (Mr. Ilsley) on June 27, 1946, we were informed that no taxation changes will take place until January 1, 1947. After the reported statement of the Minister of National Revenue (Mr. McCann) last March that Canadians would probably receive a fifty per cent reduction in 1946 income tax, the budget presentation by the Minister of Finance can be said to be very disappointing to the citizens of Canada. It is especially disappointing because of the fact that it discourages the production in Canada of many essentials until January 1, 1947. I think that is well borne out by the minister in his budget presentation.

In an address on March 20, the Minister of Reconstruction and Supply (Mr. Howe) stated at page 120 of *Hansard:*

I believe that a bushel of wheat will buy more goods in Canada than a bushel of wheat produced in any other country will buy goods in that country.

I wish to place on *Hansard* some figures as to the number of bushels of wheat required to purchase certain articles in this country:

To purchase a Farmall M. Tractor, International, in Canada requires 1,225 bushels of wheat. To purchase the same tractor in the United States requires 669 bushels of wheat.

To purchase a three-furrow International tractor plough in Canada requires 151 bushels of wheat. To purchase the same plough in the United States requires 83 bushels of wheat.

To purchase a 24-run International double disc drill in Canada requires 270 bushels of wheat. To purchase the same drill in the United States requires 147 bushels of wheat.

To purchase a 10-foot International power binder in Canada requires 333 bushels of wheat. To purchase the same binder in the United States requires 183 bushels of wheat.

May I add that these were the figures before the end of June of this year, when price ceilings prevailed in both countries. Moreover they do not take into account the increase of 12½ per cent on Canadian manufactured farm implements and other recent changes which have played a part in this great disparity. The disparity in the purchase price of automobiles in each country is at least twenty-five per cent greater than in the case of farm implements.

I do not think any minister will rise in his place and say that these are not essential articles on any farm in Canada. So I think that the statement of the minister and other statements of a like nature are disproved by these facts. To purchase that same tractor would require in Canada the price of twelve finished 1,000-pound steers, while in the United States for the same type of tractor the proceeds of only eight such animals would be required. In a practical way that is convincing evidence of the great disparity existing in these two countries, prior to July 1 of this year; everybody knows that things are in a turmoil down there and the present disparity is very much greater.

As was pointed out in discussions yesterday, the output of farm equipment has been reduced by the lack of steel, and authorities in the United States say that this type of production in that country will be decreased this year by twenty-five to thirty per cent. I am sure nobody will disagree when I say that full production is the true basis of real wealth. Productivity of essential goods is real wealth in this or any other nation, and we should never lose sight of that fact.

I have here the current Review of Agricultural Conditions in Canada, issued by the statistical branch of the Department of Agriculture, for June, 1946. In this magazine it is set forth that since January 1, 1946, that is during the past six months, cattle slaughterings in Canada have decreased by 12 per cent, hog slaughterings by 30 per cent, milk production by 3 per cent, and dairy cows on Canadian farms by almost 2 per cent—to be exact, 1·9 per cent. As this pamphlet is issued by the Department of Agriculture I do not suppose anybody will challenge these figures.

In the matter of personal income tax changes to become effective on January 1, 1947, the inequity of the difference which has been maintained between the wife who works in industry or an office and the farmer's wife has been repeatedly argued by myself and others in this house since 1942, when that disparity was created, allowing the wife and the man who worked in industry or in the office an exemption of $1,860. I want to object to the provision decreasing the wife's earnings exemption to $250. A levelling up process should have taken place rather than a levelling down process. This, again, affects production of much-required foodstuffs at this time and in this country. I am sure the minister has received representations in favour of allowing the farmer's wife a certain amount of exemption in respect of dairy produce raised on the farm, poultry, eggs, garden produce, and so on, and I know that managers of creameries have asked that this concession be made in order to increase the output of foodstuffs. I am sure that if that had been done it would have made a big difference in the production of these articles which I have mentioned. Rather than decrease the exemption from $660 to $250 there should have been a levelling up process in favour of the farm wife and of all married people, because it would certainly have aided in the much needed production of foodstuffs.

With respect to taxation of cooperatives, it is my view that it should not be retroactive on the patronage dividends; and that, as I understand it, is the meaning of the statement made by the minister, although I admit that some of his arguments and observations were vague and hard to understand. Therefore I simply repeat that I do not think these patronage dividends should be taxed on a retroactive basis, as I understand they are bound to be.

Mr. ILSLEY: No retroactive legislation is proposed.

Mr. ROSS (Souris): As I said, some of the terms used by the minister are vague. However, the proper place to discuss this matter in detail will be in committee of the whole, when we can carry on a question and answer discussion with the minister, and I intend to do so.

I should like to support what my colleague, our financial critic, said the other day about the civil service. We have many very efficient civil servants, but, as he pointed out, in pre-war days there were about 70,000, and during the war the number has increased to approximately 150,000. One year after the termination of the war there has been a decrease of approximately one-half per cent—less than one per cent. Sometimes it is difficult to decide just who are within the civil service and who are in other branches of work under the government to-day.

I want to make some reference to the matter of controls and controllers as they operate in this country, and more especially with respect to their hindrance to the reestablishment of our veterans. I would make one specific reference, the matter of a young fellow named Tate, about whom I wrote the minister on June 28. This young chap wrote to me enclosing copy of a letter he had received from the sugar administrator at Winnipeg, Mr. J. S. McDiarmid, Jr., pointing out that he did not think his request could be considered. He had asked for a sugar ration for curing meat in a quick-freeze plant he was establishing at Killarney and hoped to have operating by July 15. The last sentence in the administrator's reply was:

> We regret that present regulations do not allow any deviation from this policy.

That decision prohibits this young man from reestablishing himself with his own money. He is not asking for any financial assistance. As I say, I gave the minister this correspondence on June 28, and he acknowledged it, but his reply did not give any encouragement that something would be done in this respect. I am not going to read all Mr. Tate's letter, because it contains some pretty rough language, but he says:

> I am starting a quick-freeze locker plant at Killarney, and would like very much to get a sugar quota for the cure of meats in this plant . . .
>
> I joined the army on August 7, 1940, and was discharged on November 6, 1945. I spent four and a half years overseas, and if this is not enough service to qualify me for a little consideration now that I am trying to reestablish myself on my own money and time I sure don't know what in h— you people think we were doing over there.
>
> I know damn well we weren't enjoying the home life and comforts that a lot in Canada were, and we sure didn't get anything to eat like the forces that were at home.
>
> Hoping to hear from you soon.

It is matters such as this which cause contention, and it is difficult to pacify veterans who are faced with such difficulties in trying to establish themselves with their own funds in civil life. Again, it is a matter of controls and controllers. I could cite other cases, and I do want to register my objection to this sort of thing at this time.

I should like to make reference to what I consider to be Canada's number one problem, that of housing. It is a problem confronting everybody in every walk of life throughout this nation to-day, more especially our veterans and their dependents. True, we have the National Housing Act, War-time Housing, the Veterans Land Act, the small holdings scheme, all of which are supposed to be coordinated under the Minister of Reconstruction (Mr. Howe), and in the operation of these measures everything is being centralized in or near the large cities of Canada. I think that that, in principle, is definitely wrong. We should be decentralizing these enterprises as far as possible. It is utterly impossible for people to get financial assistance in the smaller centres. The National Housing Act is not operative in any town or village west of the great lakes, so far as I can ascertain. In this respect national housing is so far a complete washout. In fact, I know some fairly large cities where they cannot get assistance because the lending companies refuse to cooperate. That is a disgraceful state of affairs at this time, so long after the termination of the war, and in a country like this. Wartime Housing has developed what I am sure will prove in the future to be slums in certain cities of Canada. We have such a condition in Winnipeg, and I hate to think of the future of that settlement.

Under the Veterans Land Act, small holdings, a most extravagant spending orgy is in process with the result that the veteran and his family are not receiving value for the money expended on the houses that are being built under the present system. The houses are built on the cost plus basis, which means more waste and more profit. That is the principle that was carried out by the Minister of Reconstruction. The people were willing to let it go during the war years in the erection of airports and other buildings needed for the training of our men, but the matter is altogether different when you come to consider some of these projects of which I am speaking. Let me mention only one, that of Charleswood in Manitoba, where there are ninety housing units. The cost is appalling, and the houses are not yet completed. For a four or five roomed unit the cost is from $5,900 up to $7,000 and more, and there is further expense to be added. Having gone through these homes and inspected the material and the workmanship, I venture to say that the veterans who will live in these units will not get fifty per cent of real value from them when they buy them. To-day, under the process of adjustment, the veterans are paying a rent of $25 for a four-room unit and $30 for one of five rooms, and they are informed that an attempt may be made to increase the rent from $5 to $10 a month.

Mr. McILRAITH: What project?

Mr. ROSS (Souris): Charleswood. This is a most extravagant type of construction, and I say that for this reason. To build a single storey house is much more expensive and extravagant than to put up one of two storeys because I am convinced that, once you have

your basement under the one-storey structure, to build a two-storey house, instead of having just one storey, will mean an average expenditure of about fourteen per cent above what you have already spent, and in addition you will have approximately another seventy per cent of cubic living space. There is therefore a considerable difference in cost to the people who are getting the homes.

The cost plus basis is entirely wrong, most extravagant, and is a source of unnecessary expenditure to the taxpayers. Yet that is a principle which is approved by the government to-day, apart from any investigation now proceeding with respect to graft at some other points of construction. I submit that the principle is wrong. The taxpayers have a right to raise a strenuous objection to this manner of handling public money, even though something must be done, and done in a big way, to house these veterans, who are entitled to every consideration.

It strikes me as strange that housing material grown and produced in British Columbia can be transported to the British isles and converted into homes that are larger and more convenient for less money than houses cost the veterans in Canada to-day. That is the situation that exists at this moment. I trust that something will be done to create a better and more economical system of housing in Canada. In my opinion the present unsatisfactory condition is due to a lack of previous planning more than to any other cause. I do not believe that proper thought and planning were given this gigantic undertaking in due time to meet the necessities of the day.

A matter that I have been concerned about for some years is that our best educated young people in Canada have been leaving their native land to seek employment elsewhere. On this point I would refer to certain observations of Professor Brebner, who has made a considerable study of this subject by means of independent funds in the United States. He says it is estimated that one-quarter of the number of Canadian-born who have remained in North America lives in the United States. The census records of that country show more than 77 per cent of Canadian-born citizens living in the urban areas, with the heaviest concentration of Canadians in the New England states, in New York and Michigan, while there are more than 100,000 Canadians living in the single city of Detroit. It is a very long article, and the author goes into very great detail, pointing out the reasons for his conclusions. He states that we shall probably lose 20,000 Canadian-born this year who will be taking up residence in the United States. That estimate is very low, because from the first of January of this year up to the first of June some 21,000 native-born Canadians have left this country to seek homes in the United States. He points out that this movement reached its greatest height in the period between 1921 and 1930, when 924,515 Canadians migrated to the United States; and up to 1944 the number of persons recorded as entering the United States from Canada, in the period of 125 years, totalled 3,047,704. The 1940 census showed the number of Canadian-born in the United States at that date to be 1,044,119. Someone may say that there are a number of Americans in Canada, but the percentage is very small in comparison with these figures.

The reason given for this situation, in this professor's findings, is lack of opportunity in Canada, and in the broad picture it is estimated that ninety per cent of the Canadians who have gone to the United States have emigrated because of lack of economic opportunities on this side. But the answer is not only economic; for this professor, I read, is convinced that some kind of assistance must have been lacking in Canada as well. He gives various reasons. He says, for instance:

> Canada needs to detect, train, encourage and retain every scholar she can find, for they will constitute the principal group who will keep Canada up with the rapidly changing world, who will bring Canadian brains and experience to bear on Canadian problems, and who will pass on to youth and to the nation at large the vital traditions from the past.

I have raised the same issue concerning agricultural scientists who have found it necessary to leave this country for better remuneration, and who have done so on more than one occasion in the past. I am convinced, Mr. Speaker, that a nation such as Canada cannot continue indefinitely and successfully alongside a nation such as the United States of America with this great economic disparity prevailing. Surely, with our great undeveloped natural resources and our wide open spaces, we can build up an economy that will attract good citizens in great numbers to establish themselves in Canada and at the same time to provide required opportunities for our native-born Canadians.

I was one of those who throughout the war years, with an eye to ending the war as quickly as possible, repeated in several discussions in this house my belief that a dominion-provincial conference was essential before a proper reconstruction programme could be developed in Canada. During the recent conference in this building some two months ago I followed the proceedings very carefully and I have reread the record of those proceedings. In my opinion there was certainly no effort by the

Prime Minister or the Minister of Finance to negotiate a satisfactory settlement at that conference. In that respect, the citizens of Canada might well read the remarks of Premier Manning of Alberta on the uncompromising rigidity of the Minister of Finance, and the remarks of Premier Angus Macdonald of Nova Scotia, who was one of the ministers of national defence in the present government throughout the war. Everyone who can obtain a copy of the proceedings should read carefully the record of the remarks made by the premiers and the officials who sat around that conference table for five interesting days.

May I conclude by saying that I wish to support the amendment made by my colleague, the hon. member for Muskoka-Ontario (Mr. Macdonnell), which reads as follows:

This house regrets:

(1) That the budget does not provide for tax reductions in the calendar year 1946;

(2) That the budget gives no indication of any serious attempt to eliminate extravagance or effect economies in the cost of government;

(3) That the policies of the government are discouraging much-needed production.

Mr. T. J. BENTLEY (Swift Current): In rising to take part in this debate I shall confine myself particularly to the matter of the taxation of cooperatives. I believe that is important, and that the minister and his colleagues need some elementary education on the workings of cooperative associations. I am going to be elementary to-day for the simple reason that the minister may understand these elementary principles—he gives no indication of it in his budget proposals. It is well for the house and the country to know that the minister has at least been told what these elementary principles are.

Of course I cannot entirely ignore the callous disregard of the government for the people in the low income brackets. They have been given a miserable $90 increase in exemption. That means that a single person now has an exempted income of slightly over $2 a day—hardly enough to pay for the meals of an hon. member in the parliamentary restaurant for one day. It seems to me utterly cruel to expect these people to live on the amounts allowed. It is such a small amount that it is on a par with the old story of the Scotsman who came home and told his wife that he had just received an increase in pay. They were jubilant about it, and she said: "How shall we celebrate, Sandy?" He said: "I dinna ken, lass, but at least we shall start by tossing the canary another seed." The government is celebrating the end of the war by tossing another crumb to the people in the low income brackets.

In his budget speech, as reported at page 2920 of *Hansard*, the minister made this statement:

I am now in a position to say that in general the government accepts the commission's report as the basis of its proposals with respect to the taxation of trading cooperatives, credit unions and mutual insurance organizations.

Of course, the commission referred to is the McDougall commission. Throughout the minister's remarks on this matter—and it is one of extreme importance to many people in Canada—he clearly indicated that he is so thoroughly imbued with the belief that the returns on capital are more important than the welfare of human beings, that he has disregarded the welfare of the kind of human beings who make up these cooperatives.

In discussing this matter I propose to show two glaring examples of this predilection on the minister's part. It is apparent to me that the minister has made no study of the underlying principles of the cooperative movement or the cooperative associations, in spite of the fact that these associations have been in existence a long time in many countries. Anyone who studies world affairs, even in a casual way, is aware of the existence of these organizations for a long time. They have been established in Britain, in Russia and in the Scandinavian countries for many years, and for a great many years have been developing on the North American continent. They were established for the distinct purpose of endeavouring to improve the living standards of people in the low income groups. They have been accepted by a great many responsible people in this country, as I shall prove later, as important institutions for that purpose.

These cooperative associations are the natural outcome of the needs of people in the low income groups. They have tried to find some method of protecting themselves by being thrifty in a world of grab and greed, where monopoly enterprise, semi-monopoly enterprise and large business institutions have so much power in so many places. The only protection these ordinary income earners had was to form an association governed and controlled by themselves so that in a thrifty manner through cooperative enterprise they could save for themselves as much of their earnings as possible. It is entirely distinct from any private or corporate enterprise, because in an ordinary corporate or private enterprise the primary purpose is a return on capital. Let us look that over. In an ordinary enterprise, say a private company, before they begin the promotion stage the first thing that happens in the mind of somebody or of a small group of people is that they believe

that by engaging in a specific industry, productive or distributive, there would be some profit in it. The next thing is to attract enough capital in the way of purchase of shares or other things in the business, with the promise that on the investment of the capital itself the investor will receive a reward in the way of interest or dividends. When that has been done and the business is set up, we find that all the elements of democracy inherent in the cooperative association are entirely lacking in the private corporation, because in the first place each share carries a vote. A small group of people can control a large number of shares so that the whole control can be in the hands of a minority.

Another reason is that with the sale of the shares, these requests for investment all over the country, people may buy shares, invest in this company for the monetary reward, but they will have no control because they live too far away from the headquarters of the organization to attend the annual meetings. The result is that they either have no voice or they give their shares to a proxy who votes on their behalf. The cooperative organization is entirely and distinctly different in its whole set-up and purpose. In the first place it is not formed until a considerable number of people in a local area, who have a common project or common purpose to achieve for themselves, decide that it is necessary to establish the organization on their own behalf. There is no expectation of a return on capital. It is usually formed among people in such a low income group that it is difficult to find the necessary capital for a large number of them to get started. But they do find it for the purpose, and the capital required is provided by the people themselves from their own pockets or from whatever way they can get it. They do not expect to receive much or any return on their capital. The investment takes the form of the purchase of a share in the capital stock of the company. Some organizations permit the purchase of more than one share; some allow the purchase of only one share, but no matter how many shares each or every individual may own, one individual has only one vote; that vote demonstrates his responsibility to help govern and formulate the policy of the organization, and by that action his right to enjoy its benefits. It is strictly democratic, and it is that principle of the cooperative which the minister in his proposals, as I shall show as I go along, is going to smash. Directors are elected, then, by these people, and usually in the smaller cooperatives they are located around a central point. It is not difficult for them to get to the annual meeting, and there they have a voice; there they elect their officers, and the elected officers appoint the necessary management to carry on the physical operations of the business.

Money originally subscribed is used to provide facilities, to stock shelves, and to acquire whatever goods and services are necessary and to make provision for their distribution among the members. When a cooperative store is set up, the money from the members is used collectively for that purpose. That is a distinct difference which a great many people seem utterly unable to understand. They cannot get clearly in their minds the fact that a member who walks into a cooperative store to get a pound of tea has already, in combination with his associates, bought that pound of tea with his own money, and has placed it there on the shelves. When he takes the tea away, he leaves only enough money there to replace it, so that it may always be there for him or for one of his colleagues in the association. It is not a purchase made for the purpose of providing the owner or operator of the cooperative store with a profit, because that store is his store. The member simply leaves his money there.

Why does he leave so much money there? He leaves it because at the beginning of the season the elected directors and management, who are appointed, decide as to the membership, the clientele and business they are likely to have, and what receipts that business is likely to require to pay all costs of operation and wholesale purchase prices. I am speaking of a cooperative store, but the same principle would be applied to a service organization or to any other cooperative enterprise. The management must provide sufficient for each unit but at the same time a quantity which will disappear off the shelves so that there will always be replacements and money to pay the costs of operation, plus the necessary reserves to protect the equity held by the members.

At the end of the year these same officers, in compliance with the laws of the province of Saskatchewan—and I assume there are similar laws in other provinces—provide an audited statement and a report to be placed before the membership at the annual meeting. The members of the cooperative will receive notice of the meeting and will be encouraged in every way to take part in it. The audited statement is placed before them, and they are in a position to see how much money they left for the various units of goods and services they took off the shelves, or from that place of business which they, themselves, own. They will decide how the surplus money will be distributed—because it is their money.

It does not belong to a board of directors or to an association. It is the collective savings of those people who, because of their thrift, have joined themselves together to augment the purchasing power of their low incomes.

This is an important distinction, and I wish the minister to try to understand and to deal with it. This is what is referred to as patronage dividends. The minister has expressed some doubt as to the proper word to use, but most people refer to these moneys as patronage dividends. Some call them a return on excess earnings, but the name of that kind of money is not important. The important fact, to my mind, is that it is money, that it belongs to the individual who helped to save it, and that it should go back into his pocket. And not until his individual income reaches the munificent sum of $755 a year should he pay a tax. When it does—all right, if that is the law. But it is not someone else's money to be taxed in the hands of the cooperative, or in any other hands. It is his money, and should be considered in that way.

The same process takes place in marketing associations. The individual live stock pools, wheat pools, egg and poultry pools, dairy pools and the like, follow the same processes; the same operations take place, the only difference being that they deal with different types of produce.

I believe the minister has shown himself an able man. Undoubtedly he is intelligent. I have not always been complimentary to him, but I can go as far as I have, anyway. Certainly he has intelligence enough to be able to understand what I have said, and not to make a statement such as that credited to him on page 2920 of *Hansard* when, on June 27, during his budget speech, he said:

> There are, moreover, a variety of payments in proportion to patronage, which for want of a better term I shall call patronage dividends, the status of which is by no means clear.

"Patronage dividends," I would remind the minister, through you, Mr. Speaker, is an accepted term. It may not be the best one, but it is accepted. Its status is perfectly clear to people who understand the cooperative movement.

As I said before, patronage dividends are the individual savings of people who group themselves together for that purpose. I emphasize again that these cooperatives do not exist and were never organized for the purpose of making profit for the organizations. Their sole purpose is to make savings for their members. Any return on invested capital is purely incidental and has never assumed any important part of their operations.

Complete democracy is the keynote of the organization. But, again, the minister is going to force cooperatives to break that principle. I cannot understand why he would make a statement of this kind, or where he got his information—well, I think I understand, and I might mention that point later on. But it is amazing to me that the minister should make this kind of statement, with the intent of forming it into law:

> Patronage dividends should be paid shortly after the end of the fiscal year and on the same basis to members and customers alike.

Let me remind the house of what I said a minute ago, that a cooperative provides a place for democratic control and democratic responsibility. This is an extremely important point to remember when people are dealing with cooperatives. There is a responsibility which comes ahead of the benefits received from a cooperative institution, because first one must agree to come in and accept his share of the financial, operative and governing responsibility. Each member provides his share of capital, takes his share of responsibility, and no member should avoid responsibility. I do not say that some do not avoid it—we are all human. But in the main, members of cooperatives take a pretty close interest in the operation of their concern. I doubt if in Saskatchewan, at any rate, one could go to any cooperative organization and not find every member with at least a fairly clear working understanding of how the cooperative is getting along.

Under the minister's proposal, cooperatives will be forced to give casual customers the same benefits as a responsible member is expected to get. That is distinctly undemocratic. That is like the person who comes to Canada and, without taking out citizenship papers, or accepting any of the responsibilities of citizenship, enjoys all the privileges of our democratic country.

Mr. ILSLEY: Can the hon. member think of any explanation of why the commission, constituted as it was, with Mr. Justice McDougall as chairman, unanimously recommended that the payment of patronage dividends on an even basis to all customers be made a condition of exemption of patronage dividends from the tax?

Mr. BENTLEY: No, I cannot think of any good reason for the commission arriving at that decision. It is a wrong decision so far as cooperative principles are concerned.

Mr. ILSLEY: They were unanimous.

Mr. BENTLEY: I cannot help it if they were. I am not going to attempt to justify what they did, because I disagree entirely with their judgment on that particular issue. I hope I can in some way persuade the minister also to disagree with that particular part of the report. With other parts of the report I wish him to agree.

Let me give an illustration, using the Saskatchewan wheat pool. They operate in that province over 1,100 elevators. At about 170 points where they operate there are only pool elevators; there are no other elevators. These are the only elevators which it is convenient for the producers to use. At these places are farmers who for reasons of their own do not care to be members of the wheat pool. That is their democratic right, and the wheat pool has always taken the position that these people are entitled to their opinion. They say to them, "We would like you to be a member of our association; we want you in but we are not going to do anything whatsoever to coerce you, either advertently or inadvertently, to become a member of our association." At the 170 points they operate on a public licence in order to make it possible for these non-members to get all the marketing and handling services available through the pool elevator that they could obtain through a line elevator, were there a line elevator at the point. They give them just as good service as they give their own members, but they say, "Seeing you have assumed no responsibility, either for the original financing or present financing, in the governing, in the election of officers of this organization, we do not believe you should receive the benefits of this association." It is against their principles to pay dividends to those people. They could apply for private licences and provide services only to their own members, but they do not. They operate on public licences and give all the same service.

There is a tendency sometimes to think that these organizations do a lot of business with non-members. In only two years out of twenty-one years of operation have the Saskatchewan pool elevators gone over the prescribed 16⅔ per cent of non-member business. In the last four or five years their business with members has been about 92 per cent; rarely have they gone over seven or eight per cent with non-members. Why is this? A great number of younger and new farmers have been joining the association. They are willing to accept their responsibilities in order to get the benefits. There have been around 30,000 new members in the last four or five years in that province alone.

[Mr. Ilsley.]

This is the thing that angers the private elevator companies; this is the thing that has made them back the income taxpayers' association. The fact that these new and young farmers are joining the Saskatchewan wheat pool, the fact that they are accepting its cooperative ideas and are working along with the marketing and handling of grain, is the thing that has made these privately owned companies, with their headquarters in Winnipeg, so angry. I say to the minister that in his department are men who are entirely too friendly to that idea, and I think the minister gets a lot of reactionary advice from that kind of people in his department.

The cooperatives agree that it is almost impossible for a cooperative of any size not to do some business with non-members. Most cooperatives will say quite frankly that business done with a non-member is profit business, and most of them will say that they are prepared to pay the full income tax on that part of their business. However, it would be difficult and there must be some elasticity. Because of this the Cooperative Union of Canada has made a recommendation which I should like to quote. I can give the source of this if it is necessary, but I assure the house that whatever I quote has an authentic source which I can give. The Cooperative Union of Canada recommended as follows:

> The surpluses of any association or organization conducting any business or enterprise for its members shall not be liable to taxation under the Income War Tax Act or the Excess Profits Tax Act, if not more than one-third of its business in any year is done with non-members.

I would point out that the Cooperative Union of Canada represents a total cooperative membership of close to one million people. I have not the exact figure, but I do not think I am far out in my estimate.

In his budget speech the minister has abrogated another important principle. He is going to force cooperatives to become profit-making concerns. He made this statement as reported on page 2921 of *Hansard:*

> After careful consideration, the government has, therefore, come to the conclusion that it should accept the commission's recommendation that patronage dividends and similar payments be treated as a deduction from income—

Up to there it is good.

> —subject to one relatively minor limitation designed to avoid at least some of the discriminatory effects I have mentioned. The limitation is this: That no company or association shall be able to go so far in its distribution of tax-free patronage dividends as to reduce its taxable income below a reasonable return on capital employed in the business. This reasonable return will be defined as three per cent on the capital employed.

Right there the minister showed that by law he is going to force the cooperatives which are non-profit-making in their operations to declare a three per cent profit on the capital used before they can pay out to their members the proper collective savings. The minister is proposing by law to break two principles in cooperative organization. He is breaking a democratic law by forcing them to pay dividends to irresponsible casual customers the same as to responsible members, and he is forcing the cooperative to become profit-making to the extent of three per cent. That is not in accord with proper cooperative philosophy and it is not in accord with the opinion of people who believe in cooperatives.

As the minister is aware, there are in the world certain governments, there are in this country certain people, some of them possibly quite close to the government, who believe in cooperatives. I should like to quote two passages from the proceedings of the Hot Springs food conference which was held from May 18 to June 3, 1943 and in which Canada participated. I quote:

Whereas:

1. The cooperative movement has been of very great importance in many countries, both to urban and rural populations, especially in agricultural districts where farming is based on small units and in urban areas of low income families;

2. The proper functioning of cooperative societies may facilitate adjustment of agricultural production and distribution, as members have confidence in the recommendations and guidance of their own cooperative organizations, which they know operate in the interests of their members and of society in general;

3. The democratic control and educational programmes, which are features of the cooperative movement, can play a vital part in the training of good democratic citizens, and assist in inducing a sound conception of economic matters.

I recommend those final words to the attention of the minister and his colleagues. Further in the same report we find the following recommendation:

1. That, in order to make it profitable for people to help themselves in lowering costs of production and costs of distribution and marketing:

(a) All countries study the possibilities of the further establishment of producer and consumer cooperative societies in order to render necessary production, marketing, purchasing and other services;

(b) Each nation examine its laws, regulations and institutions to determine if legal or institutional obstacles to cooperative development exist, in order to make desirable adjustments;

(c) Full information as to the present development of cooperatives in different countries be made available through the permanent organization recommended in resolution 11.

In view of that there is no excuse for the action taken by this government, which should understand democracy, which should understand thrift. Our friends the Tories do not believe they understand thrift, but they should understand it. They should understand democracy. If this were a country in which there had never been a cooperative, which had never been exposed to the operations of the cooperative movement, then there might be some excuse. There might be some mistakes made and they might have to appoint a royal commission to decide what they were. But there is no excuse for this country not knowing about it.

I come now to the taxation of cooperatives. I do not know how many people the income taxpayers' association represents, but they say 25,000 cards were sent out. I received 320 cards from my constituency, which has 20,000 odd voters. I received many resolutions from individuals and local organizations urging me to oppose the tax on cooperatives. I have one here from the city council of Swift Current, which reads:

That this council strongly protests against the suggestion contained in literature issued by the income tax payers' association to the effect that the earnings of municipally-owned enterprises be subject to income tax.

I want that known here so that members and the people generally will not think that every city council, just because it is composed of so-called business men, stands for what the income taxpayers' association advocates.

I come now to the retroactive feature. An hon. member has already mentioned this in a casual way. I am going to speak more particularly of the Saskatchewan wheat pool because I know it best. That does not mean that because there are little differences in administrative policy between the pools there is any fundamental difference between all three pools, but being more familiar with the Saskatchewan pool I shall deal with this question from the point of view of the Saskatchewan pool, although what I say will be applicable to all the pools.

I contend that the wheat pool is in every sense of the word a true cooperative association, using the principles of the Equitable Society of Rochdale Pioneers as the criterion. I am aware that some will dispute that statement. But I make that statement; I am prepared to debate it anywhere in Canada, inside or outside this house, and I believe that a reasonable audience that is not prejudiced will see the point.

First, one shareholder has one share and one vote and no more, and remember that to be a member of the Saskatchewan wheat pool you must be interested in wheat and cereal production. As I said, one shareholder has one vote, and only one vote, no matter what his

financial position may be. Democratically elected delegates each year represent the shareholders at annual and general meetings. The directors are democratically elected each year from among the elected delegates. The president and the executive committee are democratically elected each year from among the elected directors. Thus, even the president must be elected each year as a delegate, and then as a director before he is eligible to be elected as president. The president must be elected every year as a delegate in his own municipal district before he is eligible to stand for election even as a director. Let anyone here describe a more democratic method of membership control than that.

Some may ask how long a period the president holds office. I can only say that the present incumbent of that office in the Saskatchewan wheat pool has been in office eleven years, but he has had to go through that democratic process of election every year. It only proves that after a lifetime of service given to the people of his locality they believe that he is the proper man to elect as a delegate every single year, and his lifetime of service to the organization has made his fellow delegates believe that he has the necessary qualities for the position. All honour to him for having been supported by his fellow delegates for so many years.

The disposal of all excess charges is decided by the delegates at the annual meeting. If the manager could say: We will distribute this just as we like, there might be some excuse for the minister's contention. But that is not the case. The minister seems to think he is justified in singling the wheat pools from all other cooperative enterprises for taxation in 1944 and 1945 because he says that the wheat pools had reason to believe that they were subject to taxation. Let me say emphatically that never did the wheat pools believe they were subject to taxation.

Mr. ILSLEY: If the hon. member will allow me—

Mr. BENTLEY: Just a moment. I see the minister smiling. But I will prove my statement with an abundance of evidence. I say that the wheat pools had every reason to believe that they were not subject to taxation. Besides being purely cooperative organizations, as I have demonstrated, which in itself is sufficient to give them every reason to believe that they would be free from taxation, they had also been informed by the taxing authorities over a great number of years that they were not subject to taxation.

[Mr. Bentley.]

Those are two good sound reasons which led the wheat pool to believe that they were not subject to taxation.

It is true that the wheat pools are aware that the Winnipeg grain exchange and other organizations would like to convince the public and the government that the pools should be subject to taxation. Nothing would give the grain exchange greater satisfaction. It is also true that the pools were aware that the Department of Justice at Ottawa considered them subject to taxation, but this did not convince the pools because they were prepared to submit their case to the highest court in the British commonwealth before they would consider themselves taxable as they were a true cooperative association. The former Minister of National Revenue, in reply to a question by Mr. Douglas who was then member for Weyburn, had this to say, in the session of 1943. It will be found in volume 2 of *Hansard* for that year:

> It is not the intention of the government to have any change made in the provisions of the Income War Tax Act or the Excess Profits Tax Act which exempt the income of cooperative companies and associations from taxation thereunder; but, in view of the opinions—

Opinions mind you—not reasons.

> —given by the Department of Justice, after an investigation of the facts, that certain corporations, referred to in the question as the wheat pool organizations of western Canada, do not qualify for tax exemption under such provisions, it is felt desirable that the questions of facts and of law pertinent to the liability of such corporations for tax be brought before the courts for investigation and final determination.
>
> The Department of Justice has advised that the most practical method of getting these matters before the courts in a manner that will provide opportunity for a full investigation of all pertinent questions will be to appeal from such assessments in the usual way if they continue to dispute liability.
>
> It is the intention of the government to make such assessments and, if appeals are made by the taxpayers, the government will be prepared to discuss with representatives of these corporations such arrangements as may be necessary to provide that the costs of such appeals to the corporation will not be greater than would be occasioned to them by a reference to the courts by the government itself.

That indicates that the government itself and the Department of Justice were not too sure of their ground when they felt that they needed the decision of a higher authority, and in order to get this decision the suggestion of the then minister of national revenue was carried out.

The pools were assessed and the matter was taken to the courts; but the courts have not yet given a decision, for shortly afterwards the McDougall commission was appointed to

inquire into the taxation of cooperatives. That commission reported only last fall. But in 1943, as I have shown, the taxation of cooperatives was being considered by the government and they were not too sure just what should be done. However, because a royal commission was appointed, because the government could not or would not make up its mind to recognize cooperative associations as cooperative associations and treat them justly accordingly, they spent two years on commission work. Now we have 1944, one of the biggest years of the wheat pools' operations, when after a series of very difficult years they were beginning to get on their feet, singled out for them to be taxed to the extent of possibly millions of dollars, and the collective savings of individuals are to be taken out of the wheat pool treasury to satisfy the uncertainty of a government which could not or would not make up its mind as to what is a cooperative and what is not.

Mr. ILSLEY: May I ask the hon. gentleman a question? He understands, does he not, that we are not providing by legislation for the taxation of the pools in 1944 and 1945, that we are not doing anything retroactive whatever, and that it is open to the pools, if they feel that they are not subject to taxation, to take the case to the courts, if necessary to the privy council?

Mr. BENTLEY: In reply to the minister's question, I understand that there are some very good features up to and ending in 1943—not good enough but fairly good. I say that there should be legislation. The minister is putting it up to the pools. He says, in effect, that if they are not satisfied they can go to the courts. The government has held them up for two years, and now it is telling the wheat pools that they may go and fight their case in the courts. In the meanwhile the United Grain Growers and other elevator companies may have laid aside reserves to meet such a possibility as this; they are going to reap the benefit if the pools win in the courts, and they will suffer nothing if the pools lose. The pools are going to fight the battle for them.

Mr. DEPUTY SPEAKER: I am sorry to interrupt the hon. member but his time has expired.

Mr. BENTLEY: If hon. members will consent, I shall be only eight or nine minutes more.

Mr. DEPUTY SPEAKER: With the unanimous consent of the house only, the hon. member can continue.

Some hon. MEMBERS: Go on.

Mr. BENTLEY: Through you, Mr. Speaker, I should like to thank the house for its indulgence. I claim that this is nothing more or less than a raid on the treasury of an organization composed of a lot of people who have been living for years in the low-income groups and have spent many strenuous days and nights in building up this organization, which has served them so well in the past and can serve them so well in the future.

Another point is this: the years 1944 and 1945, particularly 1944, represent the largest earnings the pools have ever had, in spite of the fact that in the former year they lowered the cost of handling grain in their country elevators below any figure which ever existed in the history of grain handling in western Canada, to my knowledge, which extends over a long time. Not only did they do that for their members, but the very fact that they lowered the handling charges in competition with private companies brought down the charges of the private companies, and every farmer who delivers grain to a country elevator in the three prairie provinces has benefited by that reduction. Now the government proposes to force them through the process of appealing to the courts or tax them on the savings they have made.

Mr. ILSLEY: Let me get the hon. member's position.

Mr. BENTLEY: The minister is using up my time.

An hon. MEMBER: It has nothing to do with your time.

Mr. ILSLEY: The house has given the hon. gentleman plenty of latitude. Is his position that there should be retroactive legislation exempting these pools from taxation?

Mr. BENTLEY: My position is that there should be no tax on the wheat pools from the time they started to exist until now.

Mr. ILSLEY: Even though the law is that they are taxable; is that right?

Mr. BENTLEY: I do not believe that the law is that they are taxable, and I have tried to demonstrate that the pools do not believe it either.

Mr. ILSLEY: Is the position then not this, that the courts can decide? My point is: the money is not the main thing in this case; the main thing is fairness of treatment as between taxpayers. Having the opinion of the Department of Justice before the government that these taxpayers, if they are taxpayers, are taxable, how can we ignore that without legislation retroactively exempting certain taxpayers from taxation, while we are col-

lecting millions upon millions of dollars from other taxpayers? How can we justify it? That is what I should like to know.

Mr. KNOWLES: A few days ago we made a bill, amending the Export Credits Insurance Act, brought in by the Minister of Trade and Commerce (Mr. MacKinnon) retroactive to cover up a doubt as to whether or not—

Mr. ILSLEY: Oh, well, that was not a taxation matter at all. This is a matter of equity as between taxpayers, and how can we justify making retroactive legislation or taking retroactive action remitting taxes in one case unless we do it for competitors and for other taxpayers throughout the country? That is the question.

Mr. BENTLEY: I will reply to that question in this way. I am stating my opinion and what I know to be the attitude of the cooperative associations in Saskatchewan, and I believe the cooperatives are right. I have stated that the wheat pools are cooperative associations. I am going to make another statement in a minute, and I will deal subsequently with the minister's question of what he could or should have done about the matter.

I want to summarize the points I have tried to make in the course of this debate; then I will deal with that particular question, and I shall be through.

I have tried to show this house and any who may be listening or who may read this speech that the budget speech proposes to break the fundamental principles of cooperative enterprise; first, by forcing cooperatives to treat non-responsible customers in the same way as responsible members are treated. This is wrong, for democracy requires responsibility before benefits. Second, by forcing the cooperatives to adopt the principle of profit enterprise by demanding a three per cent taxable profit before the savings are returned to the members.

I have also endeavoured to show that the government proposes to discriminate against three cooperative enterprises, the pools, simply because they are now numerically and financially strong.

Now here is the answer which through you, Mr. Speaker, I would give to the minister or anybody who feels there is any justification for his point of view. I know the minister; I know that he has worked hard, and that he has got himself in a difficult position. But he is a member of a government which has been ten years in office; and during those ten years, if it found that there were any organizations in this country operating under the name of cooperatives that were not true cooperatives, it had the opportunity ever since 1935 to correct matters and definitely establish the position. Time and again the government has been asked in this house, by resolutions from the country, and I am going to ask now, that it formally introduce a dominion cooperative act defining a cooperative which is not taxable. When the minister does that, when he sets up a statute containing that definition, he will be justified in saying that "anyone who thinks he comes in under that, should we differ from him, will have an opportunity of deciding the point in the courts." But section 4 (p) of the Income War Tax Act states, or at least that is the opinion of a great many, that it absolves these cooperatives. I have tried to prove that the wheat pools never did believe, had no reason to believe, and do not believe to-day that they are taxable under this law, and they should not be forced to come to court, but the government should relieve them of any income tax responsibility in their legislation.

Mr. ILSLEY: Does the hon. gentleman apply that principle to other taxpayers who do not believe that they are liable for the tax which is being asked of them?

Mr. BENTLEY: I will reply to that question although I do not think it is my responsibility. According to the laws of the country as they are interpreted—and I have never broken the laws, or at any rate never been caught breaking them—I say, yes, if under the law anybody is being taxed who legally should not be taxed, he should be exempted.

Mr. ILSLEY: Certainly; we all say that.

Mr. BENTLEY: And I say that under section 4 (p) the pools are exempt. I am not speaking for other organizations; most of them are quite capable of speaking for themselves. But the answer generally is, yes.

Mr. J. G. DIEFENBAKER (Lake Centre): I was greatly interested in the address delivered by the hon. member for Swift Current (Mr. Bentley) in which he dealt at considerable length with the experience of cooperatives over the years. His remarks on that subject were most interesting.

I should like first of all to refer to the amendment moved by the member for Muskoka-Ontario (Mr. Macdonnell) and the subamendment moved by the C.C.F. The member for Muskoka-Ontario moved, among other things, that:

> This house regrets that:
> (1) That the budget does not provide for tax reductions in the calendar year 1946;
> (2) That the budget gives no indication of any serious attempt to eliminate extravagance or effect economies in the cost of government;
> (3) That the policies of the government are discouraging much-needed production.

I would have thought that in reference to these matters my hon. friends of the C.C.F. would have been able to see eye to eye with us; for I have often heard them refer in this house to extravagance and to the discouragement of production. But in their subamendment they moved to strike out the references to extravagance and to the curtailment of production. Their amendment, innocuous in the extreme, points out among other things that the exemptions of those in the lower income brackets have not been raised sufficiently. With that there is no disagreement. They point out also that there should be investment of public funds to bridge the gap between anticipated private investment and unemployment. With that there can be no serious disagreement either, because it represents the point of view of those who believe in private enterprise. Reference is then made to the failure to set up a social security measure that will assure a reasonable standard of economic security for all Canadians, with which there can be no disagreement. Finally, they say that the budget fails in its proposals to recognize the principle that cooperatives are non-profit-making organizations.

A true cooperative, Mr. Speaker, is a non-profit organization and as such is not liable to taxation. The amendment of the C.C.F. is a far cry from the socialism of last year, or even of two years ago; for it contains no reference to socialism or a socialized economy in this dominion. All that is gone. I am wondering whether the experience of two years in office in Saskatchewan has convinced my hon. friends that socialized enterprise does not operate to the benefit of the country or the state.

Mrs. STRUM: We did not lose our deposits.

Mr. DIEFENBAKER: It is amazing how my hon. friends can refer to Tories and cast aspersions at those on the government side of the house; but when one faces facts, the chattering invariably begins in all parts of the corner in which my hon. friends sit. Now, as I look at that subamendment—

Mrs. STRUM: The cooperators are still voting C.C.F.

Mr KNOWLES: Are you going to vote for it?

Mr. DIEFENBAKER: Well, there is nothing in it by itself that cannot be supported, because my hon. friends have diluted it down. As a matter of fact, from this subamendment one can only conclude that my hon. friends are engaged in the great retreat from socialism. Much is made of cooperatives, and my hon. friends would have the house and the country believe that cooperation is similar to socialism, or that there is something in common between them. But the only thing in common between cooperation and socialism is the fact that a few years ago "cooperative" was made part of the name of the party to my immediate left. Cooperation is free enterprise.

Some hon. MEMBERS: Oh, oh.

Mr. DIEFENBAKER: My hon. friends say "oh, oh". I am going to quote for their information from a report of the most successful cooperative in the province of Saskatchewan, the Davidson Cooperative Association. In its annual report the point I am now making is made clear and definite so that all can understand it. But, before I quote from the report let me go back to that cooperator, the great authority on the subject, Mr. Holyoake. He pointed out that socialism and cooperation are not the same. He said:

> Socialism works from the top down, cooperation from the bottom up.

Mr. COLDWELL: What year was that?

Mr. DIEFENBAKER: Well, sir, has socialism changed? There is something in that question by my hon. friend because they appear to have changed in the corner. They have changed in the last year in this house, and they have certainly changed their opinions since 1935, 1936, and 1937. No wonder my hon. friend the leader of the C.C.F. asks what year was that.

Mr. COLDWELL: Yes, what year was it? Was it 1841?

Mr. DIEFENBAKER: The point of view of socialism and the socialist members in the house appears to have changed with the changing years. May I say, Mr. Speaker, that all I ask of my hon. friends is that they allow me to hear the interruptions that are being made. If I hear them I will answer them. I was going to quote from the report to which I have referred, which was made on April 17. It is the annual report of this cooperative:

> Cooperation is not socialism. There is a current tendency to confuse cooperative enterprise with socialism, or state ownership of the means of production and services. Your board is convinced that they are opposite in their conception and diverse in their results.

A little while ago my hon. friends challenged me, and my answer is the words of a great cooperative in Saskatchewan. If they want any extensive quotations they will have to look at the report themselves, because time will not allow me to read extensive quotations.

However, the report of the directors of this cooperative, a successful one, is interesting. The report continues:

> State ownership of an enterprise removes the responsibility for its success from those directly connected with it. If a factory at a remote point sustains a loss it is shared by everyone who pays taxes, be they ever so far remote. As the state invades the field of production, few government experts become the voice of the nation. The great majority of its citizens become hirelings.

There is the conclusion of a great cooperative, one that has contributed much to the welfare of the people in the area which it serves, one that has a very large and ever-expanding clientele.

Mrs. STRUM: Was it Jock Wilson that wrote that?

Mr. DIEFENBAKER: Well, sir, apparently, my hon. friends recognize in the person who wrote it, and in the directors of this concern, intelligent people.

Mrs. STRUM: I wouldn't go so far as to say that.

Mr. COLDWELL: That is why he never votes Conservative.

Mr. DIEFENBAKER: That, of course, is the length to which my hon. friend, the leader of the C.C.F. party, has gone in this discussion. I can say that he may not be a Conservative, but, as the head of one of the greatest cooperatives in the province, he has indicated the support he would give to my hon. friends of the C.C.F. who have endeavoured to make the cooperative movement in Saskatchewan or elsewhere an annex or an adjunct of the party they represent.

Mr. BURTON: On a question of privilege, as a member of a number of cooperative organizations in Saskatchewan, which I have been for years—

Mr. GARDINER: And so am I.

Mr. BURTON: —and as a member of the C.C.F. I take exception—

Mr. ROSS (Souris): What is the question of privilege?

Mr. BURTON: —to the remark that the C.C.F. was trying to make the cooperative movement an auxiliary of the party.

Mr. DEPUTY SPEAKER: There is no question of privilege.

Mr. DIEFENBAKER: Well, sir, that pretty well covers that matter.

Mr. BURTON: The fact remains that co-operation is one form of social ownership.

[Mr. Diefenbaker.]

Mr. DIEFENBAKER: For me I prefer to take the definition of a great cooperative corporation. The report continues in like vein to previous quotations, namely, and it is all to the same effect, the great danger that this great cooperative movement will in any way become a matter for one political party. Let me say to my hon. friend who interrupted me and rose on a question of privilege, that there would not be a wheat pool to-day if in 1931 in Saskatchewan and Manitoba two governments of opposite political faiths, coalitions, chiefly Conservative in Saskatchewan and Liberal in Manitoba, had not gone to the aid of that institution and preserved it, and thereby indicated the attitude of both of the old-line parties toward cooperatives. It was under the aegis of these governments that co-operatives first began, were nurtured and brought into being.

Mr. BURTON: The hon. member does not give the cooperative members any credit.

Mr. DEPUTY SPEAKER: May I remind hon. members that interruptions can be made only with the consent of the hon. member who is speaking. I would also remind hon. members that when interruptions are made they should be made in an orderly manner. The member making them should rise in his place.

Mr. DIEFENBAKER: I thank you. I never seem to be able to get interruptions in an orderly manner.

Having touched on the matters dealt with by my hon. friend I now come to a general reference to the budget and to some things which were not referred to by my right hon. friend, namely, the general conditions in the dominion to-day, the housing situation referred to by the hon. member for Souris (Mr. Ross) which is becoming serious as time goes on; the necessity for further production indicated each day by the shortages of manufactured and other industrial goods that are apparent on every hand; the migration of thousands of physically fit Canadians, the very best of our nation, to which the hon. member for Souris made reference, 30,000 within the last year and that number does not take into consideration many who go to the United States for educational purposes or to take post-graduate work, or those of foreign birth of whom one in ten leaves this country.

Then, there was no reference to the situation in agriculture or to the fact that farmers of this nation have over the last year continued to receive about sixty-three cents less for a bushel of wheat than is received in the United States and on the world market, with the result that during 1945 they lost $110,000,000. I wish I had the time to quote from an inter-

view which the Minister of Agriculture (Mr. Gardiner) gave in May, 1946, as reported in the *Sunday Express*. I have not the time at the moment, but I may return to it. In this interview the Minister of Agriculture stated that the only reason Britain was charged a lower than world price was that the wheat was allowed to go to Britain and nowhere else. He condemned the British people for distributing on the continent a part of what they received. So far as I am concerned I am only too willing that the British people and our other allies should receive wheat at a reasonable price. Over and over again I have repeated the right to the assurance for the farmers of Canada of the world price. and that if any amount is to be paid for advertising it should be paid by the government itself.

We hear much about inflation. The government compares prices of 1921 with 1946 using a different cost of living index. Anyone who claims that the cost of living in this country has risen only about twenty-one per cent realizes that these are official figures, but they do not take into consideration all the commodities which the individual is required to buy. As a matter of fact nobody is able to find out how the present index is figured out.

Mr. ILSLEY: Oh, yes.

Mr. DIEFENBAKER: I shall give my right hon. friend an answer in that regard. The present index covers a few commodities, but it does not begin to cover the commodities which have to be purchased, nor does it begin to show the true picture of the cost of living index in this country. As a matter of fact the dominion bureau of statistics has no records on the subject. On June 4 I received a letter from the bureau in reply to a letter I had written in an endeavour to secure a chart showing the various goods and commodities from which the price ceiling had been removed, the date of the removal and the ceiling in each case and the then prices, the present wholesale and retail price, and so on. The answer given by the dominion statistician was that it was impossible to give these figures, and he said:

> For further information I suggest that you communicate with the wartime prices and trade board.

In other words, to-day there are no certain records to show the degree to which prices have increased in regard to the commodities from which the price ceiling has been removed.

When one speaks of price ceilings one thinks of rackets across the country. There are black market rackets. It is not permissible for me to refer in particular to the one I mentioned the other day, namely, La Banque Provinciale du Canada. I shall not refer in any way to particulars which will interfere with the case before the courts or the cases that are to come before the courts, but the Minister of Justice (Mr. St. Laurent) said the other night that there were no grounds whatever for reflections upon the bank generally. I say to him that on the basis of the material which was placed before me, the records showed that of eighty-three branches of the bank which were investigated, in eighty there was a departure from the regulations and irregularities and, what is more, while every other bank in the country was willing and anxious to carry out its responsibility, La Banque Provinciale showed no indication or willingness to carry out the instructions of the wartime prices and trade board, and in point of fact in many cases neglected to reply to requests on the part of the board. This is one example, and it is one of many across the country covering not only ordinary irregularities. In this case there were forgeries in certain cases, forgeries of coupons to the extent of 10,000 pounds of butter in one coupon and amounting to a total of one and a half million pounds of butter and a great deal of sugar. That situation prevails in other parts of the country. In the report of the Royal Canadian Mounted Police some indication is given of the extent to which these rackets have developed across the country and, I suggest, are not being proceeded against with the celerity and certainty which the circumstances require and conditions should demand.

We find ourselves in this position in this country—rising prices, shortages of material, production necessary and Canadians migrating from Canada. The government brings down a budget in which, to use the words of the Right Hon. Mr. Fielding, spoken many years ago—

> They promise, prepare, propose, postpone,
> And end by letting things alone.

Substantial reductions in taxation, by inference, in 1945 were promised by the right hon. minister. Yet this budget shows spendthrift recklessness. It shows that the government is still on a spending spree of controllable expenditures. It shows more; it shows that there is no power in the minister, sincere as he is in his desire to curtail extravagance, to control the bureaucracy which makes possible this overexpenditure.

Moreover, the budget indicates that the war complex, the billion dollar mentality, is still the mentality of the bureaucracy which prepared this budget. I think of one example

of a war-time expenditure concerning which a warning was given in the house. I refer to the building of *Cornwallis* in Nova Scotia. It was pointed out that it was unnecessary; but it was proceeded with, and at a cost of $9 million. It was completed on November 30, 1944. What happened to it? We in the opposition accepted tremendous expenditures without criticism during the war, because of our desire to assist the government rather than to hold it back in its aim and purpose to mobilize Canada for war.

But we warned about that expenditure. What has happened to *Cornwallis*? With the exception of a few buildings which have been turned over to the Department of Veterans Affairs, it has been closed down—a total loss to the country. The budget is convincing evidence of the fact that so long as the present government is in power over-expenditure, reckless expenditure and profligate expenditure will continue uncontrolled, because there seems to be no power to control those who are in charge of expenditures.

Mr. ABBOTT: Rubbish.

Mr. DIEFENBAKER: I am going to refer to two or three matters of expenditure that could be done away with.

Mr. ABBOTT: Good.

Mr. DIEFENBAKER: If the Minister of National Defence (Mr. Abbott) has any questions to ask, I shall answer them; but I cannot answer muttered monosyllables.

Mr. ABBOTT: I just said, "Good".

Mr. DIEFENBAKER: I am glad I have your approval.

Mr. ABBOTT: I was not speaking in monosyllables at all.

Mr. DIEFENBAKER: I am glad to know that, because the minister is a member of the cabinet.

Mr. TUCKER: Before you go along, what do those savings total?

Mr. DIEFENBAKER: After all, the parliamentary assistant should be able to wait just a minute. He is not a member of the cabinet, and I am dealing with the cabinet at the present time.

Mr. TUCKER: You should not object to answering a question like that.

Mr. DIEFENBAKER: It is perfectly all right.

Mr. ABBOTT: Red herring.

[Mr. Diefenbaker.]

Mr. DIEFENBAKER: "Red herring," says the Minister of National Defence. Let me give him the philosophy of this government. It is contained in the answer of the then Minister of Munitions and Supply during the period of the war, on November 19, 1945.

The hon. member for Muskoka-Ontario (Mr. Macdonnell) had pointed out that a million dollars might be saved out of $7 million in administration. What was the answer given by the Minister of Reconstruction? A chance remark?—no, a remark that reveals the philosophy of this government when, at page 2251 of *Hansard* he used these words:

> I dare say my hon. friend could cut a million dollars from this amount; but a million dollars from the war appropriation bill would not be a very important matter.

That is the philosophy; that is the psychology.

Only the other day my good friend the Secretary of State (Mr. Martin), when a complaint was made respecting an increase in expenditures for printing from $700,000 to $2 million, brushed it aside by saying, "Oh, it is a sort of petty cash account".

Mr. MARTIN: I point out that the bill did not refer to any expenditure. There was no expenditure whatsoever involved in the bill.

Mr. DIEFENBAKER: Oh, just a request for a blank cheque for $2 million! Just a kind of petty cash!

Mr. MARTIN: I rise to a point of order. I am sure the hon. member wishes to be fair.

Mr. DIEFENBAKER: Absolutely.

Mr. MARTIN: He always wants to be fair.

Mr. DIEFENBAKER: Yes.

Mr. ABBOTT: Do you think it was?

Mr. MARTIN: In that bill I was not asking for a blank cheque. All we were doing, when asking that the bill be passed, was giving to the king's printer an amount of money to be put in a revolving fund. It did not in any sense represent an expenditure, but rather an advance. I am sure the hon. member will accept that.

Mr. DIEFENBAKER: No argument about it at all. But that was the attitude he had, when it was pointed out that it was an increase from $700,000 to $2 million. The attitude was that it was a sort of petty cash account.

Well, what my hon. friend said is true. It reveals the attitude of this government.

I believe this, that a Trojan horse has found its way into the camp of the people of Canada, it consists of a desire to overexpend and a

refusal to control, regardless of the demands in all parts of this country for curtailment. Over and over again the attitude has been, spend, spend, spend!

Mr. ILSLEY: That is the attitude of the opposition, almost to a man.

Mr. DIEFENBAKER: Never has that attitude been mine. I have always said that my attitude is that there be no expenditures made unless those expenditures will bring a return to the dominion, or are necessary—such as uncontrollable expenditures are.

Mr. ABBOTT: Preach that to the rest of your party, then.

Mr. DIEFENBAKER: Of course my hon. friend has apparently not been listening to some of the speeches delivered by me on previous occasions.

Mr. ABBOTT: I have listened to a lot of them.

Mr. DIEFENBAKER: And apparently my hon. friend, the Minister of National Defence, is unrepentant. He thinks the people of Canada should continue to pay, pay, pay!

Mr. ABBOTT: No.

Mr. DIEFENBAKER: I say that the time has come for a reduction in expenditures, where they can be made. I do not think anyone would insist that taxes will assure prosperity or increase incomes. When you continue war-time taxation to the extent that taxation is now being continued into the days of peace, it has the effect of harassing business and hamstringing the possibility of providing jobs in Canada at the present time. It is doing more: it is reducing the standard of living of our people to an extent never before known in this country.

Mr. ILSLEY: It is higher than ever before.

Mr. DIEFENBAKER: I did not hear that.

Mr. ILSLEY: The standard of living is higher than it ever was before.

Mr. DIEFENBAKER: 650,000 people with incomes under a thousand dollars! That was the figure given the other day by the hon. member for Halifax (Mr. Isnor) when he was attempting to set out the wonderful advantages offered by this budget! If 650,000 be the correct figure it indicates that a great portion of the people of this country are living on a scale and standard of living far below that on which they should be living.

Mr. ILSLEY: It may merely indicate that there are hundreds of thousands of part-time workers.

Mr. DIEFENBAKER: All of that may be replied to later on, but the fact remains that the attitude of this government and the taxation it continues to impose is punitive of success and of successful application to the job in hand. I would think that the government's attitude would be to place these expenditures before a committee and say to them, as I suggested a year or two ago, "Will we cut this down?" or, "Will we cut that down?" Expenditures should be cut to the bone, yes, into the bone itself. But that is not the attitude. In the submission made last fall by the right hon. gentleman to the dominion-provincial conference the government recognized that before there could be any return to proper conditions in this country under which the initiative and skill of private enterprise will result in new investments, the tax policies of all governments would have to be considered as a fundamental factor in arriving at that increased production which would be required.

What about the salaried man, the white collar man? He does not get any relief. He seems to be the one man who is doomed to be perpetually taxed without any hope of relief. He had some hope of relief. That was implied by the Minister of National Revenue (Mr. McCann) when he spoke at a banquet given in his honour in Renfrew last fall. Income tax has been increased some hundred times since it was first imposed twenty-nine years ago and the salaried man always pays. He should be entitled to ask at this time that some consideration be given to him; for, if you pauperize the salaried middle class, you destroy the bulwark on which this country depends against the isms that are sweeping the world to-day.

I agree with what the hon. member for Cape Breton South (Mr. Gillis) said last night that if the exemptions were increased and the rates reduced the demands of labour would be materially reduced. Labour demands increased wages because, after all, it is the "take-home pay" that counts. To increase wages means a mark-up in the goods manufactured; the pressure for increased wages causes increased prices, and so the cycle goes.

To my right hon. friend I say that the government has the billion dollar mentality. I think it would upset the members of this house if any minister were to rise in his place and say, "I am going to cut down my expenditures this year by thirty per cent, not the expenditures connected with war but the civil expenditures which have mounted so continuously since the beginning of the war, and the administrative expenses as well." The failure to take such action destroys the hope

in man; it increases and maintains his fears. Some relief is given to the farmers and fishermen, but they have to wait. In 1948 they will be able to level off their income over a period of three years. I suggest that even now some relief should be given to the middle-class man with the fixed salary. It is that group that purchases the largest portion of our manufactured and industrial goods.

The hon. member for Rosthern (Mr. Tucker) asked me a moment ago to point out some examples. Let me say that it is difficult to pry information out of this government. On November 14 last the hon. member for Eglinton (Mr. Fleming) tried to find out something about the Canadian information service.

An hon. MEMBER: What a hope!

Mr. DIEFENBAKER: What a hope, and what information we got! It was denied by the government.

Mr. CLAXTON: No information was ever denied.

Mr. DIEFENBAKER: I do not know what the word "deny" means in my hon. friend's vocabulary; but when it is refused, when there is a vote against giving it to the hon. member for Eglinton, it means denial to me although others may call it a refusal.

Mr. CLAXTON: Surely the hon. member wants to be fair, as the Secretary of State (Mr. Martin) suggested some time ago. The motion standing in the name of the hon. member for Eglinton was a motion for the production of the minutes of the supervisory committee of the Canadian information service. It had nothing whatever to do with expenditures in any way, shape or form. The hon. member for Lake Centre knows that the minutes of boards of that kind are not producible and never have been.

Mr. DIEFENBAKER: Certainly not by this government. It related to the affairs of a board which had been set up by order in council while parliament was sitting.

Mr. MITCHELL: Nor by any other government.

Mr. DIEFENBAKER: I am not so sure. If my hon. friend knows as much about this as he does about some of the matters in his own department, he does not know very much about it. Then there was the case of Cardoza, of the commodity prices stabilization board, who claimed on November 7 that he was being handcuffed when he endeavoured to take proceedings against certain wrongdoers in this country. I think it was the hon. member for Rosetown-Biggar (Mr. Coldwell) who moved to secure the papers in that connection. If it was not a denial of information, parliament was met by a refusal on the ground that it was not in the public interest to give the information.

You say to me, "What can you do, what savings can you effect?" I shall refer to a few just at random, although I have quite a number here but time will not permit my dealing with them all. The first one is national registration. What reason is there for national registration being in existence to-day? It was all right under the OGPU and the fascist secret police in peace time but it was done away with in Great Britain within a few weeks after the war ended. Yet it is being continued in Canada at a cost of $324,000 and it is employing 232 persons at the present time. You say to me, "What does it matter if national registration is in effect?" I always like to call as a witness any authority that is recognized by the government, and to support what I have just said I should like to refer to a recent editorial in the Winnipeg *Free Press* which stated:

> There is nothing in the history of this country to justify registration cards. They are part of the police state and no one in their senses or with a true appreciation of where they lead would recommend them for Canada. Yet Mr. Mitchell does.
>
> There is a dangerous trend in this country. Some aspects of the spy investigation, the registration card, the secret order in council are all part of it. It is easy to say this is nonsense, that Canadian liberty is perfectly safe in the hands of the present government. The record shows it is not safe in the hands of the present government.

What about War Assets Corporation? It has 5,053 employees.

Mr. FRASER: Over 7,000 now.

Mr. DIEFENBAKER: I got a return only three months ago.

Mr. SPEAKER: I am sorry but I must inform the hon. member that he has spoken for forty minutes.

Some hon. MEMBERS: Go ahead.

Mr. SPEAKER: Has the hon. member the unanimous consent of the house?

Some hon. MEMBERS: Yes.

Mr. DIEFENBAKER: I want to thank the house and I shall restrict myself to giving just two examples.

Mr. TUCKER: Let us have the total of the expenditures the hon. gentleman suggests can be reduced.

Mr. DIEFENBAKER: I gave the first.

Mr. ABBOTT: $325,000; what is next?

Mr. DIEFENBAKER: I was dealing with War Assets Corporation. I pointed out that there were 500 employees each earning over $3,000 a year. I give one example to indicate the attitude of the government, the sale of Fairmiles. I think the record of War Assets Corporation so far as efficiency goes deserves the serious consideration of this house and country, and information with respect to the transactions of the corporation should be given to the house and not be held back as it is being to-day in the war expenditures committee. But I shall not deal with that report since it is not before the house.

It cost this country $140,320 for eighty Fairmiles and War Assets Corporation sold forty-nine of them at $3,000 each. They could have got $15,000 and $20,000 for one or more of them. The reason they did not was that the minister said that if they had got a better price it would have created difficulty and resentment.

What about the government ships sold to the French government? Canada makes loans to France with a view to having the French government purchase commodities in Canada? The French government purchased ten Canadian government ships for $415,000 per vessel. Did the government sell them direct to the government of France? No. They sold them through an intermediary and paid that intermediary, the American Ship Brokerage Corporation, a commission of $43,000 for each ship. I tried to find out last November who the intermediary was, and we were promised the information but it has not been given to date.

What about the situation in regard to the ships that were built by the Industrial Shipping Company Limited, of Mahone Bay, Nova Scotia, which went on manufacturing tugs, barges and scows after the end of the war, and in particular ten 65-foot tugs at a unit cost of $61,000? The British government did not want them, and what did the Canadian government do? They went ahead with the completion of these ships. When they were completed they were turned over to War Assets at $61,500 apiece and War Assets sold them at $20,000 apiece. It is waste like that, conditions like that—and I have the record here showing the sales that War Assets have made but I shall not impose it on the house—which indicate that War Assets Corporation have not been protecting the interests of the Canadian people.

You were kind enough, Mr. Speaker, to grant me an extension of time. Other matters I shall refer to when we go into committee. I suggest now, as I have suggested heretofore, that at this time when the government is seeking to increase production in this country and to give an incentive to labour and the white-collared class and to the producers of this country, the minister, even now, should do two things. He should pare down these expenditures, which if they are not pared down will pare down the fabric of this confederation. We cannot go on piling up debt the way we are doing without a day of reckoning coming.

Second, I suggest that the government can never reduce taxation until it gets rid of the billion dollar mentality. I urge the government to make every effort to cut down controllable expenditure, and not to rush this parliament home, not to bring down the budget in the last few days and say that we should not continue talking because members want to go home. I want to go home too, but we have a responsibility here to the people of Canada, and that responsibility is this. Twelve million people in Canada are asking us to see that waste and over-expenditure be cut down; that taxation be reduced; that the people be given relief from the period of war control, high taxation and the like, and that jobs be furnished so that the Canadian people will have a higher standard of living.

Mr. ROBERT FAIR (Battle River): It seems customary, Mr. Speaker, for hon. members rising in this debate to offer an apology for the time they intend to take. In my case I have no apology to offer. I feel it is the duty of every member here to oppose many of the things contained in the budget which was presented on the 27th of June last.

During the last six or seven years we have put up with increases in taxation and with sufferings in many directions and, now that the shooting war is over, I think it is about time that some relief from taxation be given to the people of Canada. If we sit here dumbly, I expect that that punishment will continue, and it is not coming to our people further to endure punishment. I do not intend to deal with many subjects to-day, but I hope to discuss at the resolution stage some of the matters dealt with in the budget.

One thing I see here which should make the people of Canada think is the amount of our funded debt at the end of March this year. It is stated to be, in round figures, $16,807,000,000. When we look back to the size of our debt in 1939 we find that it amounted to $3,205,956,000. That is quite an addition to our debt in a period of seven years. It does not seem to mean much to some people. To others it means quite a lot.

I am going to discuss for a few moments a return tabled on June 7, 1943, which contains answers to five questions:

1. What was the gross national debt of Canada at the end of the fiscal years of 1867-8, 1875-6, 1880-1, 1890-1, 1900-1, 1910-1, 1913-4, and each year thereafter . . .

Up to the time of that return. I am not going to deal any further with that. The second question had to do with the amount of accrued interest and other related commissions and charges. The third question was:

3. What percentage of the total national revenue of each of the above years was required to pay the interest, commissions and charges above?

I am not going to take the time to place all that information on *Hansard,* but it might be interesting to the house to learn that in 1932, 1933, 1934 and 1935, the following percentages of the national revenue were used up in paying interest on our national debt. These years were the time when a very large majority of the people of Canada suffered privation and want, not because we did not have the goods to supply all their needs but because we did not have sufficient money. The figures are:

Fiscal year ended March 31	Percentage debt charges to total revenue
1932	36·88
1933	44·11
1934	44·04
1935	39·24

It is about time that we should think of these amounts and, as suggested by the leader of this party the other day, do something about the source of this money and stop at least a portion of the interest which is being paid, wrongfully, at the present time.

The next question:

4. What provision is being made to satisfy the above indebtedness?

The reply given to that is as follows:

The Dominion of Canada has always paid the full face amount of the principal of and interest on every direct obligation issued by it, all promptly when due in the lawful currency of the country where payable at the time of payment thereof.

I might state here without fear of contradiction that many of these payments were made by "renewal of the note", by going farther into debt. The reply continues:

In the budget speech delivered in the House of Commons on February 25, 1937, the Minister of Finance, in referring to an issue of perpetual bonds, stated "it was intended as the initial step in a programme which is designed to provide for the consolidation and simplification of our public debt structure. Another purpose which we had in mind was to facilitate the setting up, as soon as the condition of our national finances make it practicable, of a general sinking fund to provide for the gradual amortization of our long-term debt on scientific lines."

During the war period and for some years before the dominion government has been operating at a deficit and it has not been possible to provide for the paying off of indebtedness out of revenue. However, the government plans in this respect will be made known at the appropriate time.

I think the appropriate time is now that we have reached a debt of almost $17,000 million. Perhaps when the minister goes on that well deserved vacation, he will think this problem through and give us some of his plans at the "appropriate time".

5. If the present policy is continued can this debt ever be repaid?

The reply is the terse:

Yes.

I say that that is incorrect because under our present system we can never repay the debt. If I remember correctly, only on fifteen occasions since 1867 have we either balanced our budget or had a surplus. So that any government or government official who comes out and tells us that under our present existing financial system we can pay our debt is stating something which is, I think, utterly untrue.

Then, again, we are told that the interest on our national debt this year will be $481,207,000. That is quite a large amount, and will, of course be the first charge on our national revenue. To take that amount out of our production, particularly farming production, will mean that some people will have to suffer because of the payment of that amount of interest.

The requirements for the present year, 1946-47, even though the shooting war is over, will amount to $3,750,000,000. We may be told, in fact we shall be told, that quite a percentage of this is being used to finance other countries to buy our goods. That does not make any difference; the amount has still to be collected during the year or provided for by other methods. Taxes will produce $2,510 million. That, in my opinion, is quite a drain on the resources of the people and one of the measures used to keep down the standard of living. For that reason no member should be content to allow the budget to go through in its present form. Reductions in income tax and further increases in the exemptions should be made, and I think it is the duty of the people's representatives here to voice their opinion on that score.

We have heard a good deal of discussion on the taxation of cooperatives and I do not intend to deal with that matter in detail to-

day, but on another occasion when the resolutions are before us I shall have something to say. One of my reasons for taking this position is that we do not fully understand the implications of the present tax structure. When we are able to get information we shall be in a position to speak more definitely on the subject.

Cooperatives are possible only under private enterprise. The people have the right to patronize and to join them and to form cooperatives if they so desire, and if they do not desire to do so they are perfectly free to trade with other institutions. I submit that cooperatives should be encouraged because they are one means whereby poor people can do something for themselves. When people help themselves everything possible should be done to encourage them and no obstacle should be put in their way to prevent their continuance along that line.

Cooperatives have been formed because of the abuses of private enterprise before the setting up of the cooperative organizations. If private enterprise had carried on as it should have carried on and as it is capable of carrying on, a number of cooperatives functioning to-day would never have been set up. We realize that free Canadians must be able to choose where they buy and sell. That is one important point that should not be lost sight of.

In considering some of the abuses of private enterprise, I look back to the time, thirty years ago or longer, when I started farming in the west. I can remember getting up many days and starting for town, thirty miles away, before daylight, with four horses and a load of wheat. Sometimes it was thirty or thirty-five below zero. When we got half way to town we would find a sheltered place along the road, where we fed the horses, eating a frozen lunch ourselves. When we got into town before six o'clock we found many of the elevators in town without room to take the particular grades of grain we had. Many of us hauled No. 1 or No. 2 wheat to town, and perhaps there would be only one or two elevators that could take any grain at all. By the time our turn came we were told that there was room only for No. 4. Well, we were thirty miles away from home, and we had to choose between taking No. 4 for No. 1 or No. 2 or taking the grain home again. That is the condition that existed.

These elevator companies—private concerns at that time—made vast profits out of that dodge. We were subjected to heavy dockage and to false reading of the scale. What I mean is that if you had 100 bushels of wheat the scale was made to read 90 or 95. That was not an isolated occurrence. We had plenty of proof. We found in many cases that the agent sold some of the grain that was stolen. He sold it in a farmer's name, the farmer cashed the cheque and got a few dollars for cashing it. Some agents boasted that they sold more grain than many farmers who were hauling grain to the elevators.

There is one other point that we should not forget. It has been stated on many occasions before. The superintendents of the grain companies went around and told their agents that when the end of the month came provision should be made by them that their wages should not cost the company anything. In other words, they told the agent that he should steal his monthly wages during the month. That is not confined to grain companies alone; the same was true of some of the companies selling coal and other commodities in these towns all across the prairies.

In order to get away from that condition, many of us who at that time were members of the U.F.A. and other organizations clubbed our orders and got in carloads of coal, lumber, cement, binder twine and other commodities and we managed to get in other supplies in smaller quantities. To-day we find that we have set up cooperatives in opposition to these other institutions that were robbing us of the fruits of our labour. These other organizations do not like our cooperatives, and for that reason a bitter campaign has been put on, during the past few months particularly, to mislead the people and to try to have the cooperatives taxed in such a way as to put them out of business.

This is not working out in the interests of those who started the campaign because, if you look back over the past couple of years, you will find a reduction in the handling charges on grain and other things, led off by the wheat pool organizations, and these other companies have suffered to a far greater extent than they dreamed of when they started their campaign to tax cooperatives and wheat pools.

In my opinion the taxing of the wheat pools and other cooperatives is killing the goose that lays the golden egg. I do not think it is right, because, as I have pointed out on many occasions, the farmers of the country have been robbed of a large proportion of that which belongs to them because of the agricultural policies of the different governments that have been in office from time to time. In 1923, because we were unable to have continued the wheat board which was set up at the end of the war primarily to keep the price of wheat down, we in Alberta organized the Alberta wheat pool, and the following

years similar organizations were set up in the other prairie provinces. These organizations have saved the farmers millions and millions of dollars.

In my opinion everything possible should be done to see that they are kept in active operation. By that method we have done away with many of the abuses which existed in the grain trade prior to their being set up. If these other organizations are successful in putting our pools and other cooperatives out of business, then we shall revert to those abuses which we have fought for the past forty years. This is not good enough and must not be tolerated by this country or this government.

We find that the grain exchange and an affiliated organization called the income tax payers' association, with a membership of over 6,000, have been waging a bitter fight. We find that the membership of this income tax payers' association is $1 per member and they have head offices in Winnipeg and Toronto. These gentlemen have not been good enough to tell us the source of the money which they receive to carry on their campaigns over the radio and in the newspapers. That would be interesting information because I believe that in the long run the money is drained directly or indirectly out of the pockets of the farmers across the country.

It will be wrong to tax cooperatives, particularly the wheat pools, because prior to August, 1942, what wheat brought was only seventy cents a bushel, f.o.b. Fort William, for No. 1, and that is a price much lower than the average we had to take—I say, "than we had to take"—during the depression years. Therefore, again I say that it is unfair to impose any further hardships on the farmers by taxing cooperatives.

There is one thing I notice in the report to which I must take strong exception, namely, the suggestion, or threat, if you like, to make cooperatives like the wheat pools taxable back to 1942. It has been pointed out that cooperatives are not profit-making organizations; that the savings are returned to their shareholders who are also their patrons. The returns are made on the basis of deliveries of grain and other things to these pools. Therefore I think it would be entirely wrong, particularly because a number of our farmers are still in the red in spite of the statements which are made that we are rapidly getting out of debt. This government or former governments should have clarified the position of the cooperatives long ago so that the people would know exactly where they stood. If taxes are imposed on the cooperatives now we shall immediately run into a price war, because there are many more ways of killing a cat than by choking it with butter. If the cooperatives are compelled to pay income tax they can very easily see to it that nothing is left to tax. Therefore those who are pressing for the taxation of cooperatives and wheat pools should be careful, and also the government, about getting into something into which they should inquire much further.

I desire to say a few words in connection with representations which have been made to us by farmer organizations in our respective provinces. I believe this is also in line with the brief which was presented to the government not many months ago by the federation of agriculture. The government has agreed in part to some of the requests made. One of the requests was that the farmer's income be taxed on the basis of a five-year running average. The government has agreed to a three-year average. I would suggest that the minister consider making that period five years instead of three. Many of us who have farmed for a number of years know the ups and downs of farming, and I have no hesitation in saying that this three-year term should be extended to five.

My second suggestion is that breeding herds be recognized as a capital asset, and dispersal sales averaged over a three-year period. The minister has had that under consideration, but no announcement in connection with it was made in the budget. I hope to hear more about that before the budget is disposed of. Then I suggest that the exemption for single people, which during war years was $660, and now has been increased to $750, be increased to $1,200 and, for married persons, to $2,000. Allowance should also be made for work done on the farm by the farmer's wife and family. We cannot place farming in the same class as many other businesses, because in the other businesses a man usually looks after the business and pays his help; whereas on the farm the farmer, his wife and the whole family, even down to the youngster who gathers the eggs at different times during the day, perform duties which in many cases are paid for at a pretty good rate of pay. That is not so on the farm.

Another kick which the farmer has—and I do not think many of them are complying with the law—is in connection with the collection of income tax from his help. Our experience has shown that where the farmer tries to collect income tax from his help he loses his help and does not have to pay any wages. Therefore he does not have to collect the tax. His neighbour across the fence hires the help in question and does not collect

the tax. Therefore the farmer who is trying to live up to the law is penalized by having his help go to the other fellow.

A board of arbitration is another suggestion which I am glad to see the minister has provided for. The payment of arrears of principal and interest on the home farm contracted prior to 1940 should be allowed as current expenses. Representation along that line has been made on many occasions, I believe, but I do not see any mention of it included in the budget. I should like to have the minister take that under consideration because I believe he realizes, as we who live on the farm do, that farming conditions and farming prices have been anything but desirable up until recently.

My last suggestion is that final clearance be given within two years of filing of tax returns. At the present time returns are still not definitely cleared back as far as 1942. In connection with the suggestions I have made, I should like to see a reduction in the levy, an increase in the exemption and the effective date made July 1, 1946, instead of January 1, 1947.

On motion of Mr. Boivin the debate was adjourned.

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

Thursday, July 11, 1946

The house met at three o'clock.

PRIVILEGE

MR. MICHAUD—REFERENCE TO ARTICLE IN MONTREAL "GAZETTE" OF JULY 11

Mr. BENOIT MICHAUD (Restigouche-Madawaska): Mr. Speaker, I rise to a question of privilege. The Montreal *Gazette* of this morning carries the following heading on its front page:

M.P. scores "Empty Seat" report, accuses *Gazette* man of bad faith.

I did not accuse the reporter of the *Gazette* of bad faith. As a matter of fact I did not use the term at all, and the body of the report bears me out on this point. To the mass of readers who do not always read an editorial to the very last line, the heading is most misleading, and so I leave it to the house and the country to determine whether or not such a heading discloses lack of good faith, or just bad faith, to use the words of the *Gazette*.

Mr. SPEAKER: Order. The hon. gentleman must state his question of privilege and be brief and to the point.

Mr. MICHAUD: The newspaper in question insinuates that I accused the reporter of bad faith, which I did not do, when referring to the fact that the house has now but 242 members as the result of vacancies which had occurred recently and of which the reporter did not seem to be aware. I made the following statement in this house, which is reported verbatim in the *Gazette:*

Either the reporter's sense of observation is no keener than his judgment, or else he is disclosing an unusual lack of good faith, and that requires no further comment.

Mr. GRAYDON: What is an unusual lack of good faith if it is not bad faith?

MR. BROWN—INDIAN AFFAIRS COMMITTEE—NEWSPAPER REPORTS AND HEADLINES

Mr. D. F. BROWN (Essex West): Mr. Speaker, I rise to a question of privilege affecting the members of a special joint committee of the Senate and the House of Commons. As joint chairman of the committee which is examining and considering Indian affairs I raised this question of privilege at our committee meeting this morning, and the committee have directed me to raise the same question in this house at the first available opportunity.

The question arises out of newspaper headlines and reports which give an entirely misleading, unfair and untrue impression of certain of the proceedings of the joint committee on Tuesday, July 9, 1946. Newspaper reports I hope unintentionally, are unfair to both houses of parliament, mislead Canadians generally and will cause grave distress to the people most concerned—the Canadian Indians. As examples I should like to quote the Toronto *Evening Telegram* of July 9, which contains this heading: "Defeat motion to put Indians on committee." The Cornwall *Daily Standard Freeholder* of July 10 had this heading: "Defeats motion to have Indians on committee." The Kitchener *Daily Record* of July 9 has this: "Reject Indians on Ottawa body." The Owen Sound *Sun-Times* of July 9: "Refuse to name Indians to Commons body." The Toronto *Daily Star* of July 9: "Defeat move to let Indians give opinions." The Toronto *Globe and Mail* of July 10: "Oppose naming of five Indians to house group." The newspapers from western Canada, the maritimes and British Columbia are not yet on file, but it is likely that many of them will carry similar headlines unless some correction is made.

I have seen the story which was sent out from the House of Commons by the Canadian Press. That story is fair and impartial, and if properly used by the newspapers this question could not have arisen.

Your committee has put itself on record time and again as being unanimous in its desire to give all interested parties the fullest opportunity to make representations to the committee. At present we are getting on record the departmental case. As a courtesy we have already heard representatives of one Indian organization, because they were in Ottawa in conference; and if we can find some feasible means of having Indians in attendance at all times we shall be glad to recommend it. However, the Reverend P. R. Kelly, himself a full blooded Indian, who represents the largest democratically organized group of Indians in British Columbia, and in fact in Canada, has expressed to members of the committee his belief that the present is not the time for the committee to have Indians attend Ottawa constantly to be in attendance during the deliberations of the committee.

But we have, and I think it is important to emphasize this, engaged as counsel and for a liaison officer between the committee and the Canadian Indians, a member of the Six Nations band who is also a member of the Ontario bar. He attends all meetings of the main committee and the subcommittee on agenda and procedure, questions the witnesses, and later, when we arrive at the time to hear representatives of Indian bands, will assist them in the preparation and presentation of their briefs.

It is most unfortunate that the newspapers did not take the time and trouble to make a proper use of the Canadian Press report. This is not the time when the Canadian Indian should be allowed to believe that your committee is not doing everything in its power to give effect to the resolution moved on May 13 last by the Minister of Mines and Resources (Mr. Glen), the order of reference to the committee, or desires in any way to restrict either the scope or the character of our inquiry. I am glad to have this opportunity to assure the house, the people of Canada generally, and Canadian Indians in particular, that the work of the committee will be as thorough, as comprehensive and as searching as it is possible to make it.

Permit me in conclusion to assure all concerned that the committee is doing and will do all in its power to ensure that the revision of the Indian Act will in every sense be the magna charta of Canadian Indians.

[Mr. Brown.]

Mr. A. L. SMITH (Calgary West): Mr. Speaker, arising out of a similar question of privilege my complaint is this, that the *Midnapore Gazette*, immortalized by Bob Edwards but never published, has not mentioned my name in the last three months.

RAILWAY COMMITTEE

Second report of standing committee on railways, canals and telegraph lines.—Mr. Breithaupt.

QUESTIONS

(Questions answered orally are indicated by an asterisk)

P.E.I. FERRY "PRINCE EDWARD"

Mr. McLURE:

1. Has the Borden-Tormentine Ferry *Prince Edward* been overhauled and repaired?
2. If so, when will she resume her work? Where were her repairs done?
3. What was the cost of repairs?
4. Has the *Scotia* been able to take care of all freight at Borden-Tormentine ferry? If not, how many cars are waiting transportation?

Mr. CHEVRIER:

1. Yes.

2. (a) Resumed regular operation on July 6 at 2:31 a.m.; (b) At Halifax Shipyards Limited, Halifax, N.S.

3. Not yet finally determined. Specifications can be prepared only of known work to be done prior to entering ship repair plant, but drydocking and examination of hull by steamship inspector frequently reveals the necessity of considerable additional work, and the over-all price has not yet been settled.

4. The *Scotia* has taken care of movement of all freight between Borden and Tormentine, but there has been some delay in the movement of the lower grade commodities.

VETERANS LAND ACT—LAKE CENTRE, SASKATCHEWAN

Mr. DIEFENBAKER:

1. How many applications for (a) land; (b) loans, have been made by veterans under the provisions of the Veterans Land Act within the federal constitutency of Lake Centre, Saskatchewan, since the 1st of January, 1945?
2. Of these, how many have been (a) accepted; (b) refused?
3. What are the names and addresses of the applicants and what decision was made in each case?

Mr. TUCKER:

1 and 2. Lake Centre federal constituency is in the Regina and Saskatoon regional areas. The following information is supplied respecting applications for financial assistance that had been reported to the Saskatoon district office from inception of operations to May 31, 1946:

Regina	Received	Approved	Declined
Full-time farming..	420	259	40
Small holding	35	25	1
Commercial fishing	—	—	—
Provincial lands...	26	21	4

Saskatoon	Received	Approved	Declined
Full-time farming.	414	260	25
Small holding	35	19	8
Commercial fishing	1	1	—
Provincial lands...	10	7	—

The number of properties purchased in the constituency of Lake Centre since January 1, 1945, as shown on head office records is 51.

3. It is not considered to be in the public interest to disclose information of this nature affecting individual veterans.

ST. LAWRENCE WATERWAY

Mr. ISNOR:

1. Has the Canadian government made a survey of the St. Lawrence waterway project to determine (a) what benefits, if any, would accrue to Canada from this development; (b) particularly in relation to the competition which will thus be created to the Canadian National Railways?

2. If so, what is the date of such survey?

Mr. MACKENZIE KING:

1. Yes. The following surveys of the St. Lawrence waterway project which are concerned with the benefits to be derived from the development and with the competition with other forms of transportation have been issued as Canadian public documents:

(a) Report of the international joint commission on the St. Lawrence Navigation and Power Investigation 1921, submitted to both the Canadian and the United States governments on January 6, 1922;

(b) Report of the Canadian national advisory committee submitted to the Prime Minister on January 11, 1928.

A special committee of the senate also heard evidence, received documents and presented a report to the senate on June 6, 1928.

2. Answered by No. 1.

QUESTIONS PASSED AS ORDERS FOR RETURNS

CANADIAN INFORMATION SERVICE

Mr. ROSS (St. Paul's):

1. Who are the personnel of the Canadian Information Service?

2. Where does each one live and what is his regular occupation?

3. What do they receive by way of salary and remuneration?

4. In what way is the service organized and what office, if any, does each one hold?

5. Is there an executive of the service, and if so how often did they meet in 1945?

6. What days and how many were present at each meeting?

7. Are the meetings open to the public?

8. Have any persons other than the executive of the service attended the meetings, if so, who are these persons and on what occasions did they attend?

IMPORTS OF CORN

Mr. HATFIELD:

1. What quantities of corn were imported into Canada in the years 1941, 1942, 1943, 1944, 1945 and 1946 to date?

2. From what countries?

3. What subsidies were paid each year on the above corn?

4. For what purpose was the corn used?

5. Have any subsidies been offered to the Canadian growers of corn to induce greater production?

PRAIRIE FARM ASSISTANCE

STATEMENT AS TO INTRODUCTION OF AMENDING BILL

On the orders of the day:

Hon. J. G. GARDINER (Minister of Agriculture): Mr. Speaker, the hon. member for Maple Creek (Mr. McCuaig) on Monday last asked me a question with regard to the bringing down of amendments to the Prairie Farm Assistance Act. At that time I stated that while my estimates were under consideration I had indicated that it was the intention to bring down amendments this session and refer them to the agriculture committee. I had hoped that the bill would be prepared and ready to present to the house at a much earlier date than this. As a matter of fact it was prepared just before I left to go west three weeks ago and could not be given final consideration until I returned. It is now suggested to me that to place this bill before the house at the present time would have two results which might not be helpful so far as this session is concerned. In the first place there are, I think, sixty members on the agriculture committee, and therefore many members who are now tied up almost continuously on other committees would have to sit almost daily from now until the end of the session to consider the bill; in the second place, full consideration could not be given even then. It has been suggested that hon. members be permitted, when my supplementary estimates come down, to ask any question on prairie farm assistance which they desire to ask on my general estimates; that I take time then to answer those questions, and that the legislation be not brought down until early next session, when it can be referred to the agriculture committee and there will be more time to discuss it thoroughly and go into all the details. If this meets with the

approval of hon. members, I will bring the legislation down not this session but early next session.

Mr. BENTLEY: If there is no bill this session to amend the Prairie Farm Assistance Act, will that prevent changes in regulations for this year's operations if the suggestions are acceptable to the minister?

Mr. GARDINER: No. There is a general section in the act which provides for the making of regulations. I presume it would be the same in an amended act. The regulations could, if thought desirable, be changed.

SEED ACT

INQUIRY AS TO REVISION

On the orders of the day:

Mr. MARK C. SENN (Haldimand): I understood that earlier in the session the Minister of Agriculture suggested that the Seed Act was to be revised this year. Is there any intention of bringing down now a new bill?

Hon. J. G. GARDINER (Minister of Agriculture): I am not certain about a revision of the Seed Act. There was a suggestion made earlier in the session, which I hope and believe is being carried out, that some provision be made in the supplementaries for payments which had not been provided for in the regular estimates and which it was understood would be provided for. I think the passing of the estimate itself in that regard constitutes legislation upon it. But there is no change made in that intention, if that is what the hon. member had in mind.

LABOUR CONDITIONS

RAILWAY EMPLOYEES—HOLIDAYS WITH PAY—APPLICATION OF PROVINCIAL LEGISLATION

On the orders of the day:

Mr. M. J. COLDWELL (Rosetown-Biggar): I should like to direct a question to the Minister of Labour, of which I have given him notice. Because of inquiries I have had in the province of Saskatchewan may I ask if railway companies are subject to provincial legislation regarding holidays with pay for their employees?

Hon. HUMPHREY MITCHELL (Minister of Labour): I thank the hon. gentleman for sending me notice of his question. In answer to him I can only say that the question is a legal one which may eventually have to be decided by the courts. The legal departments of the railways. I am informed, have discussions under way with the provinces and I prefer to refrain from expressing an opinion for the present.

[Mr. Gardiner.]

APPOINTMENT OF CONTROLLERS FOR STEEL INDUSTRY—NOTIFICATION TO UNITED STEELWORKERS

On the orders of the day:

Mr. ANGUS MacINNIS (Vancouver East): I wish to ask a question of the Minister of Labour, arising out of a long distance telephone call I got from Toronto just before I came into the house. Did the minister say that the representative of the united steelworkers of America had received a copy of the order in council which he tabled in the house yesterday? The complaint is that they have not received it.

Hon. HUMPREY MITCHELL (Minister of Labour): The order did not go through council until about half-past four yesterday; it then had to be signed and passed through the usual channels, but I did instruct my department to send copies forthwith to the parties concerned. That is purely a matter of mechanics; it is always done in that way.

Mr. CLARENCE GILLIS (Cape Breton South): May I ask a supplementary question arising out of the one just asked by the hon. member for Vancouver East? At the present time a maximum increase of approximately ten per cent or ten cents an hour is fixed by the wage regulations. Is that mandatory in the present steel dispute, or has the controller power to negotiate further with the war labour board if he so desires?

Mr. MITCHELL: I have no knowledge of any fixed amount in any regulations of any kind whatsoever. My advice to the leaders of some labour organizations—and I am now speaking of a very small minority—is that if they would avail themselves of the machinery that is set up I do not think we would have a strike in Canada to-day. Let me say very plainly to my hon. friend, because I think it should be said, that down through the years labour and employers have asked for representation on boards. Now I know that some of the young men who are in charge of organizations to-day, who have not had the experience of some older men like the hon. member and myself, believe they are rendering a service to organized labour by circumventing the machinery set up for the settlement of disputes. I think that in the light of experience they will find out that they were wrong. Consider my own position. These people take the men out on the street, as they say, and they are out for a while; they break agreements with the employers—I am not speaking generally, you understand—

Mr. GILLIS: Or of the steel workers.

Mr. MITCHELL: No, I am not speaking of the steel workers, that is true, because they are not on strike yet. But they take these people out on the street, and then, when they get into a jam, as they say, they come to me and ask me to get them out of it. I believe that the sanctity of contract is the very basis of democratic life, and I do not think that anybody, be he employer or employee, who deliberately breaks a contract is rendering any service to the organization he is supposed to represent, or to himself, or to the country.

Mr. GILLIS: Mr. Speaker, I hardly think that lecture was called for by the question I asked, because I too agree as to the sanctity of contracts. But the present dispute involves a large percentage of the steel workers in my own community.

Mr. SPEAKER: Order.

Mr. GILLIS: There has been no strike there. They have been negotiating.

UNITED NATIONS

CANADIAN REPRESENTATION AT PARIS CONFERENCE

On the orders of the day:

Right Hon. W. L. MACKENZIE KING (Prime Minister): Mr. Speaker, I mentioned yesterday that I hoped to be able to make a statement to-day on Canada's representation at the Paris conference. Hon. members will have noticed that in the invitation which was accepted there is mention of the following fact:

> Detailed particulars of the organization of the conference and of the rules of procedure recommended for consideration will be forwarded to the Canadian embassy in Paris.

I have cabled the embassy to see if it is possible to get this detailed information before making a statement to the house. I expect to have it in time to make a statement to-morrow afternoon.

RESERVE ARMY

ANNOUNCEMENT OF GRANT OF CERTIFICATE OF RECOGNITION

On the orders of the day:

Mr. P. C. BLACK (Cumberland): I should like to ask the Minister of National Defence whether any consideration has been given to the recommendation of an honour list of members of the reserve army, which rendered such valuable services and carried out its duties so faithfully during the entire period of the war. Is it proposed that the services of these men be given any special recognition?

Hon. DOUGLAS ABBOTT (Minister of National Defence): I thank my hon. friend for his question, which has been asked by some other hon. members. I am glad to be able to say that an appropriate certificate has been authorized expressing the government's appreciation of the devoted services rendered by the men who served in the reserve army during the war. It will be available to all who were not on active service but who had not less than six months' service in the reserve army, and it will be issued through the commanding officers of the units concerned.

FOREIGN EXCHANGE

PARITY PROVISION—POSITION OF CANADIAN EXPORTERS

On the orders of the day:

Mr. W. CHESTER S. McLURE (Queens): Mr. Speaker, I wish to direct a question to the Minister of Finance, of which I sent him notice as soon as I received it myself. What protection will be afforded to an exporter of goods to the United States who signed B-13 form with the foreign exchange control board, thus contracting to bring back American money, prior to the parity of Canadian and United States funds, and who shipped, delivered and sold but had not received payment? Will he receive $1.10 Canadian money on his contract with the foreign exchange control board?

Right Hon. J. L. ILSLEY (Minister of Finance): The answer to the question is as follows: Facilities have been available by which exporters could cover themselves against exchange risks for certain periods ahead by entering into a forward exchange contract with a Canadian bank acting on behalf of the foreign exchange control board. If the exporter had entered into such a contract he would receive an amount of Canadian dollars based on the exchange rate prevailing at the time the forward exchange contract was made. If he did not enter into such a forward exchange contract, he will receive the rate prevailing at the time the exchange is sold to his bank in Canada.

COAL

QUESTIONS OF FINANCIAL ASSISTANCE TO ALBERTA PRODUCERS

On the orders of the day:

Mr. J. H. BLACKMORE (Lethbridge): I desire to direct to the Minister of Reconstruction and Supply two questions pertaining to financial asistance to coal producers in Alberta. First, were Acadia Coal Mines Limited, of Calgary, Alberta, refused a hundred thousand dollar loan by the Industrial Development bank in May or June, 1946, the loan being sought to increase coal production? If so,

will the minister at an early date tell the house (1) why this loan was refused in these times of dangerous fuel shortage; (2) what the government is doing to enable this coal company and any other coal company similarly situated to obtain the financial assistance necessary to increase production of coal?

Mr. SPEAKER: Order. I would ask the hon. gentleman to put his question, which is a lengthy one, on the order paper.

[*Later*]:

Mr. BLACKMORE: Mr. Speaker, shall we get an answer from the Minister of Finance with respect to these questions?

Mr. SPEAKER: I have asked the hon. member to put his question, since it is a lengthy one, on the order paper.

THE BUDGET

DEBATE ON THE ANNUAL FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The house resumed from Wednesday, July 10, consideration of the motion of Right Hon. J. L. Ilsley (Minister of Finance) that Mr. Speaker do now leave the chair for the house to go into committee of ways and means, and the amendment thereto of Mr. Macdonnell, and the amendment to the amendment of Mr. MacInnis.

Mr. MARCEL BOIVIN (Shefford) (Translation): Mr. Speaker, since the first session of the 20th Parliament was convened, the electors of the constituency which I have the honour of representing carefully followed the various reports on the House of Commons appearing in the newspapers and probably wondered, rightly so, when their member would rise to speak in this chamber. The moment, so long-awaited by many is finally at hand, and since the electoral division which I represent is mostly French-Canadian, I will take the liberty of speaking in their language, which is also mine, that is to say, in my beloved mother tongue.

Some hon. MEMBERS: Hear, hear!

Mr. BOIVIN: Since coming here, I have learned that a member of the Liberal party has a right to his opinions and convictions—

Mr. GAUTHIER (Portneuf): Hear, hear!

Mr. BOIVIN: —in that case, it may well be that I shall differ with some of my colleagues, but as I am aware of my rights, I consider it my duty, with reference to the budget now before the house, to express my opinion shared, I might add, by a large section of my constituency.

[Mr. Blackmore.]

The budget is the most important item and if discussion of its provisions were left only to the financial experts of the house, the debate would soon end and it would be carried in no time.

Some hon. MEMBERS: Hear, hear!

Mr. BOIVIN: May I at the outset congratulate the Right Hon. the Minister of Finance (Mr. Ilsley) for his masterly budget speech and for the manner in which he has accomplished such a thankless task, although he has been in poor health during the last six years.

After taking cognizance of the real meaning of the budget and in view of the confidence which our constituents have placed in each one of us, I consider that it is our duty, whoever we may be, to express our views. Some people claim that speeches delivered in this house are not very effective. I believe that eventually they will change their minds for in my opinion those speeches have always received and will continue to receive consideration. Further they are placed in the official records of the house in support of our statements and show whether we are right or wrong.

I have listened carefully to the mover of the address in reply to the speech from the throne, my colleague from St. Boniface (Mr. Viau); may I digress here to say that bishop Cabana of St. Boniface is a native son of Granby, and the constituency which I have the honour to represent is proud of him. I have also listened carefully to the seconder of the address, the hon. member for Queens-Lunenburg (Mr. Winters). You will agree with me that both did their work with the same mastery and ability as their predecessors of the first session and one might have been led to believe that they had several years of experience in parliament.

Lord Athlone's message on the occasion of the opening of the second session, that is shortly before his departure, was followed with interest and even read over again by the members of the house following its publication. As I read it later, I shall take the liberty of referring to it when I conclude my remarks.

Mr. Speaker, since your appointment to that office, several of my colleagues have spoken in this house for the first time, either in reply to the speech from the throne or on various other matters.

You have, more than anyone else, been in a position, especially in view of your experience in the Legislative Assembly and the House of Commons, to appreciate their tact in fulfilling such an arduous task, and those are moments which remain forever in the

memories of the members elected by the people to represent them in the House of Commons.

Having spoken about my predecessors, I think it is my duty, at the beginning of my speech, to introduce myself and beg your indulgence as I am no philosopher.

You have no doubt noticed that I am one of the tallest members on the government side, but I am also one of the youngest.

You can easily understand why the diffidence I now feel is much greater than that of my predecessors, and for quite a good reason which I should like to state.

I had the honour to visit Parliament Hill as a young child, and my constituents showed their confidence by electing me as their representative, old memories come back to my mind. I may add further that when I went to the library in order to glance through the debates of many past years I noticed that thirty-five years ago, just a few days after the opening of the first session of the twelfth parliament, that is on November 29, 1911, in this very house, the then youngest member delivered before His Honour Thomas Simpson Sproule his maiden speech as the member for the constituency which I now have the honour to represent. While I am not a professional man, Divine Providence has ordained that the son should follow in his father's footsteps in order to protect, defend and assert the rights of his fellow-citizens.

On August 7, 1926, Divine Providence called to his reward a man who had devoted the best that was in him to his party and his country. He had been entrusted with the functions of Deputy Speaker of the house and later on, just about a year before his decease, that is, in 1925, those of Minister of Customs and Excise, duties which he honourably discharged in spite of the strong campaign waged by the opposition of that time.

An hon. MEMBER: Hear, hear!

Mr. BOIVIN: I shall never forget the following message of sympathy sent to my mother, by the then prime minister, who is still at the head of the administration, the Right Hon. William Lyon Mackenzie King:

> No other man of his time has rendered so many services to his country, with so much devotedness and loyalty, both as member of parliament, and as minister of the cabinet, as did the late Hon. Georges-Henri Boivin.

I feel it my duty, as one of the successors of the faithful supporter of the party and defender of his fellow citizens, to relate these facts to my younger colleagues from Quebec and the other provinces, so that they might draw inspiration from them and follow in his footsteps during the transition period on the threshold of which we stand at the present time; thus, we shall ease to a certain extent, the heavy burden of our cabinet and, in particular, of the Prime Minister, who has directed our country through six long years of war, in such a way as to ensure its prosperity and cause it to be better known throughout the world as a country in which it is good to be living.

I grant, Mr. Speaker, that I should have liked to take part in this debate before to-day, but felt it my duty, as a junior member of the house, to take my bearings and first look after the interests of my constituents, by answering their requests and fraternizing with them, as I have ever done in the past, so that I may better understand their needs, which are largely those of the province and of the country at large.

May I be allowed to digress at this point in order to pay them tribute. Yes, the urban worker and the rural worker have indeed devoted time and energy to send one of their number as their representative in Ottawa; and you may be sure that, in return, I strive to represent them with that same sincerity which is theirs to such a high degree. Mr. Speaker, I was saying just now that they have made their needs known to me and, therefore, as their representative, it is my duty to acquaint you with those needs and tell you what the people of Shefford expect from the central government.

The county of Shefford lies in one of the most picturesque parts of the country, a region known as the Eastern townships, about 45 miles from the metropolis. Its industrial centre is my own home town of Granby, also known as the Princess of the Eastern townships, a most fitting appellation in view of the many parks and playgrounds that grace the locality. With a population of some 20,000, it boasts of some fifty different industries which provide employment due to the initiative of its business leaders.

I should add that the city of Granby also feels the effect of reconversion. We have our quota of unemployed. Its public organizations, such as the junior and senior boards of trade, and others too numerous to mention, are constantly on the lookout for new industries, ready to welcome workers and, thus decrease its claims on unemployment insurance.

Several of its citizens live in a princely fashion in this queen city, owning their homes of which they are justly proud.

On the other hand, a great number of our citizens are still homeless. In view of their insecure position, the town of Granby appealed

to the people through its radio station, its daily, its French and English weeklies, to provide them with housing facilities, but all to no avail. A government subsidiary company was approached, but answered that the number of our veterans was too small to warrant such building projects. Some time later, I took upon myself to inquire from a member of the legion in Granby the number of returned veterans. I learned that up to now we had more than 600. As a reward for the sacrifices they made overseas, those brave men would ask for nothing more than a home, however small. It is rumoured that the company to which I referred is ready to reconsider its decision. Meanwhile, a large portion of the people are waiting to see this hope fulfilled.

May I be permitted at this point to mention the county town of Waterloo, whose loyalty to the party in power has not wavered, although its two munitions factories were closed at the beginning of June last year. It can boast of the greatest war effort on the basis of its population. I tried vainly to secure the crown buildings for the municipal authorities. They were sold to strangers by the War Assets Corporation, to be demolished. Waterloo is left waiting for a new industry to absorb its unemployed, as a reward for its war effort. In view of the above mentioned facts, I hope that the wartime prices and trade board will cooperate in the way indicated recently by the Right Hon. Minister of Reconstruction (Mr. Howe) to help this municipality. Because of our returned veterans and of a floating population which has come back to its pre-war domicile, there is a housing shortage in Granby and Waterloo, as in most other cities and municipalities of the country. I hope, Mr. Speaker, that for a long time to come, the Minister of Finance will keep in office the housing administrators all over the country.

Several of my colleagues and myself have been informed of a shortage of building materials which contractors expect from manufacturers; rumour has it, however, that the latter must attend to priority orders before supplying other customers. That being the case, it is to be hoped that the building trade will increase its activity in the near future so that several thousand families now living in inadequate quarters may be properly housed. With reference to this industry, may I draw your attention to existing conditions and while my suggestion will not, I hasten to add, solve the construction problem it can substantially improve the situation. Throughout the country, at present, many wholesale merchants dealing in building materials are issued licences authorizing them to do both wholesale and retail business; nowadays, they tend to limit themselves to retail trade which is more profitable to them; contractors who formerly had the right to buy at wholesale prices and are now forced to pay retail prices, naturally refuse to purchase at an increased price. Distributors take advantage of the shortage of materials to make unreasonable profits, and in my opinion inspectors should be appointed to make sure that they sell at wholesale prices, for if their business was profitable in normal times they should, in return, do their fair share in critical times. I am sure that such steps would help to curb black market operations and materially increase the building of houses.

Mr. COTE (Matane-Matapedia): Hear, hear.

Mr. BOIVIN: The primary purpose of the budget in former years was to bring the war to a successful conclusion. Why should it not aim to put an end to difficulties occurring not overseas this time but right here in this country?

Speaking of the budget, I wish to refer to a problem which is being discussed from coast to coast at present, a problem which it seems dangerous to tackle. This matter is highly important but it seems that my older colleagues are reluctant to discuss it. I am speaking of army deserters. On July 4, 1946, the Ottawa *Journal*, five o'clock edition, published an article under the following headline which appeared in large type: "The Provost Corps is seeking 14,000 deserters".

It read as follows:

> The Mounted Police and Provost Corps are still seeking 14,117 deserters, of which 5,819 are volunteers and 8,298 have been called up.

After reading that item I wondered whether the Minister of National Defence (Mr. Abbott), in spite of his numerous occupations, ever took time to discuss this matter with the Minister of Finance in order to ascertain the cost to the country of these gentlemen, who deserted the army for a reason which in their own mind appears quite legitimate, and of which you are all aware.

Some people seem to believe that deserters cost nothing to the country as long as they are absent without leave. I do not agree with that opinion, especially since I visited military camps and found out that officers and men are waiting for the return of the deserters, and spend their time playing cards or fooling around; they seem to hope that the deserters will take their time to return so that they may keep their well paid jobs, especially in the case of officers. It is only natural that those

officers should want to remain in the army, in view of the higher rate of pay they are drawing in addition to dependents' allowances in the case of married men.

Mr. Speaker, I would like to continue my speech on this same matter but to speak about judges of military courts.

In the opinion of the rank and file in the camps those men have some of the nicest posts in the army, and you may rest assured that the judges want to acquire as much credit as possible by condemning deserters to twenty months, or even more, in order to make a good name for themselves and keep their highly-paid jobs as long as possible.

I again wish to refer to that item from the *Journal* which I mentioned a while ago. I must say a few words about the members of the provost corps who go around in the country to look for deserters and, in 90 per cent of cases, make useless trips at the expense of the Department of National Defence, whose estimates are included in the present budget. We must take into account the fact that most deserters do not have the same education as the majority of members of this house. I beg you to believe that when they deserted the army they were willing to fight for their country, but not for another country where they never lived and which really did not mean anything to them. It is true that they deserted the army, but they would have been willing to fight had their country been threatened.

Mr. Speaker, although I do not yet know much about life in Parliament, I have already made representations several months ago to the appropriate authorities regarding the way they are treated and, later on, I heard that the lot of deserters had been improved. I speak in their behalf again and I beg you to believe that they are not murderers or thieves, and I am convinced that they should receive a reasonable sentence.

Mr. DECHENE: Hear, hear!

Mr. BOIVIN: You are no doubt under the impression that I am going to request an amnesty on their behalf, but I admit, Mr. Speaker, that this would not be practical, because the resolutions passed by the various legions would run counter to my request. I shall voice my personal opinion by stating that the best course to follow, in view of the fact that scarcely one year after the war of 1914-18 we granted full amnesty, I am wondering why the Department of National Defence does not make another concession this time, by punishing deserters with a 30-day jail sentence. The latter admit that they transgressed the law which had been passed by a majority in this house. So that I may be clearly understood I repeat that they transgressed a law of their land, but that they did not default against their country, because the latter was not threatened. Most of those deserters would submit to the law provided we give them a reasonable punishment and a humane treatment. This would considerably decrease the military estimates which, after all, are connected with this budget. Our people could then resume their pre-war employment and help to insure a sorely needed increase in our industrial and agricultural production. Fair treatment in their case would help production and those men would thereby be enabled to earn their living honourably and pay their fair share of taxes.

It is true that the government has levied heavy taxes on workers during the last six years and I know whereof I speak because I was one of them until June 11 last. I may add that we have accepted those taxes because we knew that they were necessary. The war has ended over a year ago and, now, the working people expect a fair decrease in taxes. You may be sure, Mr. Speaker, that they have done their duty and deserve proper consideration. Allow me, Your Honour, to quote Right Hon. Minister of Finance, whose statement appears in *Hansard* of June 27:

> A review of our war finance and of our other economic policies and activities during the war would remind us of many achievements in which Canadians may justly take pride.

This is an excellent excerpt from the budget speech of the Minister of Finance. The credit given to our fellow citizens by the minister is well deserved, especially if we consider that the war not only has caused the sacrifice of the lives of our sons overseas, but has also broken Canadian homes and spoiled the future of thousands of our young men. Going still further, demobilization costs, in the previous budget, that of October 12, 1945, represented a percentage of 83·23 of our total expenses, or the fabulous sum of $4,418,446,000. I will admit, Mr. Speaker, that our population accepted the budget of 1945-46 realizing that war had ended but a few months previously, but, to-day, war being over for more than a year, it is regrettable that it has been found impossible to reduce the percentage by more than 8 per cent, since it remains at 75·85 per cent. This may be, in part, an explanation of the delay, until next January, in granting the tax deductions.

Mr. Speaker, the minister stated in his speech that taxation was the fairest means of providing revenue and that taxpayers' ability to pay was being taken into account. This, he says, applies to the low income earner no less than to people in the higher income brackets. As far as salaries are concerned, I agree, but when it comes to the taxation of professional men and business men, on this point, I must differ to some extent with the Minister of Finance. In order to achieve a fair distribution and to ensure equitable treatment to the people of this fair country, we should start with paying fair wages to the income tax assessors throughout Canada, so that they may further the interests of the department and tax all classes on the same basis. If they were paid a decent wage, the income tax assessors would better serve the interests of the department instead of catering to individuals. Tax revenues would thus soar and provide relief for the wage earner.

Mr. Speaker, I was also struck by the minister's statement to the effect that this period of numerous and persistent shortages, with the present strong demand for commodities, was obviously not a good one in which to embark upon a large-scale programme of public works. He added, however, that, as a result of the war, and of the depreciation of public property, many of our resources have been depleted to such an extent as to make it necessary for us to prepare long-term plans for a decided effort in all branches of public works when circumstances render them feasible. In this connection, Mr. Speaker, I might add that in my riding of Shefford the people are living on expectations. We are in great need of such a programme of public works. It should materialize soon, considering the millions of Granby dollars which have found their way into the national revenue. I must congratulate the Right Hon. Minister of Finance on his presentation of the difficult financial relations between the dominion and the provinces, which have called for a great deal of extra work in the preparation of the budget. I realize that a prosperous central authority working in the general interest is essential to prosperity in the country.

May I be permitted to say, Mr. Speaker, that the people of Shefford are well aware of the minister's predicament and understand the pressing needs for great quantities of our products overseas. We know also that these countries are in no financial position to pay cash and that we must extend our credit to them. As the Minister of Finance so aptly said, it is all very well to replace our expenditures for the last six years by investments which will add to the productivity of our country, but we also believe that such credits should bear interest, if they are being used I commend the government for its initiative and foresight and add, as was so aptly indicated by the minister in his speech, that in an unsettled and restless world, it is impossible to determine the economic trend of the future, which justifies us all the more in continuing to lend a helping hand since our investments bring returns.

In the budget speech, Mr. Speaker, I also carefully noted the section which dealt with the simplification of the tax procedure with regard to individuals, but I regret that the budget does not raise the exemption, formerly set at $660 for single people and $1,200 for married men, above $750 and $1,500 for these respective groups. It is to be hoped, however, that the suggestions of my colleagues will be implemented and that the pre-war exemption of $1,200 for single people and $2,000 for married men will soon be in effect.

Mr. Speaker, I now come to the other section of my constituency which is not the least important; I refer to the farming population which, to my mind, deserves immediate consideration if we would halt auction sales and the exodus from the land in our constituencies.

The county of Shefford is not outstanding for its agricultural products in general but the dairy production is unequalled. The wartime prices and trade board placed a ceiling price on butter and subjected this industry as well as other industries to certain restrictions. I deem it my duty to call attention to the following, but before doing so I wish to congratulate the government for having allowed, a few months ago, an increase of four cents per pound in the price of butter. On that occasion I carried out a survey in my constituency and I found out that milk had a butterfat content of 3·5 per 100 pounds, which meant a thirty-five cent premium for the producer. The latter was receiving for 100 pounds of fluid milk giving 3½ pounds of butter the sum of $1.04 plus thirty-five cents premium, a total of $1.75. On the other hand fluid milk could be sold in the metropolis for $3.05 per 100 pounds, including premium, or $2.70 after deducting shipping costs. I personally found out at the time that there was a substantial difference between those two prices in addition to the difference in the amount of labour required. This may explain the scarcity of butter.

In 1938 the agricultural cooperative of Granby township was organized. I may add that the people of Granby, as well as myself,

had some doubts as to its success, but from that moment I realized that the agricultural classes wished to get together in order to help one another and overcome the obstacles which they might have to face. I may add that the cooperative has met some difficulties but with the help of its 550 members, belonging to fifteen parishes in the vicinity of Granby, it has succeeded in overcoming them. In short, unlike a trust, the cooperative instead of exploiting the farmers, has made them prosperous and it wishes to continue to do so. It has entrusted its management with the creation of a powdered milk division which would produce for every hundred pounds of fluid milk thirteen pounds of powdered milk priced at thirty cents a pound, plus the bonus of thirty cents per 100 pounds; it would mean a profit of $4.40 which the cooperative would pass on to the farmers.

Let me add, Mr. Speaker, that I am acquainted with the cooperative movement in our province and that I give it credit for having helped the farmers to withstand hard times, because I remember how, not long ago, the farmers were living in poverty. As regards the provisions concerning the cooperatives in this budget, I support the amendments proposed by the Department of Finance and the general attitude of the government, but I reserve the right to criticize the provisions of any bill that may be based on the government's proposals. I wish to take this occasion to compliment the minister for having spread over three years the income tax to be paid by the farmers.

Hogs are also raised on a large scale in my constituency, which in this regard takes a high rank, in proportion to its population. While I was speaking of butter a few moments ago some of my colleagues no doubt were thinking of the by-products. Yes, Mr. Speaker, a medal always has two sides and you, no doubt, know that the slaughtering permit system was adopted so as to control and ration meat; and, for my part, I consider these permits, as far as pork is concerned, as having outlived their usefulness, and I wish to bring the facts of the matter to your attention. Each month, a permit holder can only slaughter his quota, which is very low in our rural districts. It happens that a number of farmers take pigs to the slaughtering house, when they are ready, but the permit holder has to tell them that his quota being filled, he cannot accept them. The farmers must then take them back to the farm and wait another month in order to comply with the instructions of the Wartime Prices and Trade Board, and when they take them back they are placed in a lower class, if not rejected.

I revert now, Mr. Speaker, to my opening remarks on the throne speech. For more than a year the European war has been a thing of the past. We are glad of it but we realize that many countries who have resisted to the armed forces of an enemy bent on world domination are still to-day in the throes of privation, suffering and even starvation. May I remind those people overseas that Canada understands the sacrifices they have made to protect us from the dictators. We are prepared to help them as much as we can. We wish to develop. We desire the memory of those who fell on the battlefields to live forever. We intend to increase our export trade which has been promoted by the war.

In conclusion, I would ask the leaders of Canada to supply the needs of our own people, for charity begins at home. By such action we shall prosper, thus acknowledging that the sacrifices accepted for the glory of our country have not been useless.

May I repeat, Mr. Speaker, what I said at the beginning of my speech when I commended the stand taken by the Minister of Finance. In expressing by appreciation of the budget I told him that I understood the thankless task devolved upon him. I grant that, in view of the difficult years that lie ahead, he can hardly count on the improvement of the situation and I am sure that, under the circumstances, if all the members of this house who are more conversant than I am with parliamentary procedure, should undertake to supply some constructive criticism and express ideas which might directly or indirectly be of benefit to the Minister of Finance, while at the same time endorsing the present budget we should thus become truly worthy of the confidence shown us by our constituents and be of service to our party and our country.

(Text):

Mr. Speaker, with your permission I should like to make the second part of my speech in English. I want you to know that it will be quite a task for me to attempt to express myself in a language which is not my own, but please believe that I am glad to do so in order to show the hon. members of this house the understanding that prevails in my riding among the French and English speaking people. I would ask you to be my interpreter with the English speaking members of this house and to offer them my congratulations for the initiative so many of them have shown in learning French. This will give French and English speaking members an opportunity to express their own opinions and to understand one another better after so many years of misunderstanding, all of which will be to the greater advantage of our country.

As I have just said, since the majority of hon. members understand French I do not wish to repeat in English what I have said already in French. However, I should like to repeat one of my first remarks. The present budget is extremely important, and it is the duty of my colleagues to rise and express their points of view or the opinions they have received from their respective ridings. As you may have noticed, it is not my intention to criticize the government on the past administration. Yesterday is yesterday and to-day is to-day. Therefore let us thrust aside the criticism made by many hon. members and express fundamental ideas which will be of benefit to the country in the future.

I should have liked to see a change made in the twenty-five per cent luxury tax which was imposed on jewellers during the war The population accepted this tax while hostilities continued, but to-day they are asking for relief. Personally I believe that their demands are justified. They are willing to accept a twelve and one-half per cent luxury tax deducted at the source. Some contend that this would cause additional work for wholesalers, but that is not so, because already they are organized to collect the eight per cent sales tax. I would add that at present certain articles are sold in hardware and other stores without the payment of a luxury tax when in fact these articles should come under the luxury tax.

Along with a great number of members I have received representations with regard to the double taxation imposed upon soft drinks. I was hoping that at least one of these taxes would be done away with, especially when we realize that the consumer of soft drinks is the daily worker in the country upon whom we have already imposed many other taxes. These workers accomplished a great war effort; let us grant them some relaxation.

There is a rumour that the Minister of Public Works (Mr. Fournier) may in the near future distribute new flags to all the public buildings, but before that is done this question will have to be brought up on the floor of this house. The flag is at present the subject of headlines in the newspapers, and of conversation in practically every home in the country. I have been informed that some of my colleagues are in favour of the union jack, while others are in favour of the red ensign; therefore I consider it my duty to express myself plainly. I hope the new flag will not be a borrowed flag but a distinctive flag, in other words a flag of our own. May I borrow the words which have been used by many in the past: A flag is chosen on principles and facts. If this house does not come to an agreement in due course I shall rise to express myself on the subject.

In conclusion I should like to read the last paragraph of the address delivered by His Excellency the Governor General on his arrival in Canada, and to ask you, Mr. Speaker, and the members of this house to keep it in mind:

> Although I have now said farewell to arms, this does not mean rest and relaxation. On the contrary, there is a lot of splendid constructive work to be done, and it will be my aim and privilege to devote myself wholeheartedly to the duties of my office which will allow me to watch with sympathy the growing prosperity of the Canadian people who have earned for themselves by their own endeavours the great position they hold in the world to-day.

If everyone keeps that paragraph in mind it will be to the benefit of a greater Canada.

Mr. T. L. CHURCH (Broadview): Mr. Speaker, there is a phrase: happy are those who expect nothing because they will not be disappointed. I have a great deal of admiration and respect for the Minister of Finance (Mr. Ilsley). During the six years of war he has had a very heavy task to perform. On the whole I believe he has won the admiration, if not the support, of a great many people in this country. He is one of our native-born citizens of the maritimes, and he became a national figure in that local setting.

In my opinion there is no royal road to the return to happier days, just as there is no royal road to learning; and there is no short cut to peace and prosperity. It has to be earned and worked for and deserved. The bulk of our people, after listening to those who preach a new utopia and a new world to come, I believe expected in this budget some relief from taxation. There was a large number, however, who did not expect it, because they know the ruthless destruction which takes place in every war, and they know that the last war surpassed every war in history in destruction. There was three times the destruction in the last war that there was in the war of 1914-18. So while many people were led to expect a new utopia after this war, I believe it will be a long time coming.

I have a few constructive suggestions to make to the government. Others were made by the hon. member for Muskoka-Ontario (Mr. Macdonnell) the other evening in his address in this debate. We should secure if we possibly can a more modern method of preparing and presenting budgets. The present method is not the fault of the finance minister, because he is simply following the practice of responsible government of the past two hundred years. Under the principle of respon-

sible government we have to accept the whole budget as it is because if we move to strike out a dollar, and the minister opposes it and it comes to a vote and the government is defeated on that vote, it has to resign. A change is all the more necessary because of the great dislocation brought about by the war. I have always contended in this house that in parliamentary, constitutional, cabinet and law reforms Canada is away behind the times. I should like to see the municipal system adopted in preparing the annual budget. It would involve a change in our constitutional practice, but it would restore to parliament the place which it should rightfully have. We should have federally what is known as the board of control system in the municipal field, under which a national committee of ways and means could reduce any expenditure and strike a balanced budget. I admit that a balanced budget would not be easy in this period of reconversion and demobilization, but I make the suggestion for the consideration of the government. It is unfortunate that after this great war, now over for a year, the people have still to pay high taxes, and the Minister of Finance is budgeting for a deficit of $300,000,000 for this year. In addition we have loans and advances amounting to more than a billion dollars. Our whole economic future is thus mortgaged, and future generations no doubt will have to pay part of the cost of this war. The practice used to be for fifty per cent to be paid out of taxes and fifty per cent charged to capital account. This generation has suffered enough in flesh and blood and it is only right that future generations should pay a part of the cost of this war.

We are also making loans to help rebuild the devastated countries of Europe. There is not much security behind these loans. We found that out after the last war, and the Minister of Finance gave a statement in connection with those loans in an earlier budget.

The budget of last November 8, in Washington, furnishes a pertinent comparison with the budget now before us. The United States budget relieved between 10,000,000 and 12,000,000 persons of paying any income tax whatever. The minimum exemption for taxpayers was raised to $1,000, and the exemption for a dependent wife or child was raised to $500. The excess profits tax was repealed entirely, and the normal corporation tax reduced slightly. Altogether, the taxation concessions totalled in excess of $6 billion.

I referred at the opening of this parliament in September, 1945, to what business men in this country have had to suffer and their tasks are heavy in this reconversion period, so that Canada may recover quickly. Industry and labour in Canada have worked wonders in war, and can in peace also. Canada needs stability to speed the delivery of all classes of goods and meet market demands so as to aid peacetime economy in employment, supply civilian needs and restore as soon as possible living standards and defeat inflation and black markets. It should be, with the lessons industry learned in Canada in war, much easier to work out reconversion. All irksome controls must go, and we must remove shackles from industry, large and small.

Private enterprise must have a clear right of way unfettered by a small standing army of inspectors, examiners, supervisors, card-filing clerks of an outworn, out-of-date system of control, most of whom contributed nothing to the winning of the war. Business must have freedom once again to succeed by free enterprise. We should see an end of government controls by blueprints and a horde of useless officials, many of whom have never had training in any competitive business they seek to control. Demobilization should be speeded for these reasons.

We have recently embarked on a programme of employment. There is no such thing as full employment. There is no use in people promising things like that; it cannot be done. If you consult the health statistics of this country you will find a great many people not fit for work. The reconversion policy of the government has been a flat failure and has never been anything else since it started. I will give the government of Canada credit for one thing, namely, the establishment in the city of Ottawa of a great basic industry known as the "ambassador cure for unemployment."

I said last year that the Canadian people are long-suffering, but there is a limit to their patience. That limit has been reached. As a result of mistakes made in the war and in the reconstruction period so far, they are losing their confidence in all governments. They believe that there has been over-government and overtaxation in Canada, and they are losing their confidence not only in the administration but in members of parliament as well. They are becoming critical of the work that is being done in the nation's various legislatures. The worst of it is that the public are not really acquainted with the facts in any situation that confronts them. They cannot get the truth and the whole truth concerning any problem that faces the government of Canada. We had a control system in this country throughout the war—we still have it—which has virtually made the work of the House of Commons unnecessary. We might as well have gone

home and locked up the House of Commons; for in part the nation's affairs in the war have been handed over to boards over the head of parliament, over the law courts of the country, without any public regulation whatsoever. The Minister of Finance is not to blame for that, because he is only one member of the cabinet, but he has had to bear the brunt of the whole thing. It is parliament that is primarily to blame if the facts are not what they should be.

There is no sacrifice that Canadians will not willingly make in this time of peace and reconversion, just as there was no sacrifice during the war which they were unwilling to make. But the people should be given the facts. There is a great deal of waste in Canada to-day.

The Conservative party stands firm on the ground that the state exists for the individual, not the individual for the state; that state interference with the full liberty of the subject is an evil thing *per se*, the encroachment of which should be most searchingly scrutinized and resisted; that no government department, except where it enjoys a monopoly, can conduct business at a profit; that the prosperity of the nation rests on the enterprise and ability of individuals in free association to conduct their affairs with a minimum of regulation and interference; that capital and labour are partners—not enemies—indispensable to one another; that bureaucracy is the enemy of both and will ruin them morally and financially if they do not restrict its inordinate increase.

And finally, that what the Conservatives seek is the welfare of the whole community, and no sectional or class advantage. Speaking in this house on September 11, 1945, I said:

> Every principle for which the British nation struggled in the old land since the 17th century has been surrendered to the political caucuses. Parliament itself, which came into being to ensure that taxes shall be voted only by those who have to pay them, has become the institution through which those who do not pay them impose them on others.
>
> I want to emphasize to the committee that powers of legislation older even than the right of taxpayers to determine the national expenditure have been surrendered, and if we are to continue this sort of thing the power of parliament will be gone forever. Whole spheres of activity, involving the livelihood of every man, woman and child in this country, have been removed from the jurisdiction of the law and of parliament and reserved for the determination of tribunals, irresponsible, irremovable, governed by no control and subject to no appeal . . .
>
> I come from a very large taxpaying city. The working class have to pay a 12 per cent sales tax, and the burden of taxation is very heavy upon them and upon business firms in the district. Some small business men have been put out of business altogether.

[Mr. Church.]

I pointed out that in Washington they are proposing to reduce expenditures along the lines I have indicated. We should call a halt to this kind of thing. The trouble is that we are only holding a post mortem when we come to deal with these estimates. The auditor general's statement is of some importance; I am glad to see that in the last auditor general's report there is some improvement. As I stated in an earlier address in 1945 in this house:

> We all know what happens to an individual or to a nation which goes on borrowing and does not keep its finances within bounds. It becomes bankrupt. When you continue to spend more than you make and keep on borrowing money to make up the difference, you know the result. You know, too, that a big chunk out of every dollar a working man earns and spends is used to pay taxes. There is a sales tax on almost everything he buys, so that everyone should look at the way the government is spending our dollars. In my opinion the government should begin now to live within its means. During the war of necessity we spent huge sums of money; yet now, with the war over, the government proposes to spend much more than in any pre-war year. Most thoughtful people believe that government expenditures are now far greater than they need be. They believe that the government, like a family, should live within its means, that it should not spend more than its takes in and that it should not keep going deeper into debt; yet that is exactly what is happening to-day. Our government is spending millions more than it takes in, and it continues to borrow or add taxes to make up the difference. That is the sort of money handling that causes inflation. Economy in government means money in your pocketbook. If the Canadian people will act to reduce government spending and take steps to increase production, inflation will be stopped; and this is the only way in which it can be stopped. I urge this house to cut the cost of government, to eliminate all waste, all unnecessary services and postpone all expenditures that can be put off until our war bills are paid. Mr. Truman has adopted that policy, and I urge the government to start living at a level that we can afford to maintain. We shall soon see the result in the cost of everything we have to buy, food, clothing and everything else.

I think these words are what should be expected.

I notice certain criticisms in the *Wall Street Magazine* of the Office of Price Administration, to the effect that it would mean the end of Bretton Woods—for which I did not vote, and I am glad I did not. The same source reports the failure of the international money fund and of the world bank through the bringing to the end of the Office of Price Administration. That remains to be seen. But I wish to add this, in general, that I believe something should be done to eliminate all unnecessary expense.

I wish now to refer for a few minutes to the subject of Canadian coal. The existing situation has from time to time caused much

distress across our country, and I predicted during the war and after both wars the prospect of great scarcity of coal and that many industries would have to close. I made my first plea for a Canadian national coal policy as long ago as March 19, 1923. I urged that matters should be so arranged that all our coal would be mined and coked under the British flag, whether in Alberta, the maritimes, or the supply from Wales, and that we should no longer be dependent on the United States, which is running out of coal. The fact is that Canada needs a coal supply from some other source than the United States. The *Globe and Mail* carried part of this address on Friday, June 21, last. My plea was for a national coal supply, that we could not expect the country to the south to supply us all the time. It is a fact that charity begins at home, and as I said:

> I think the people of the United States will adopt that rule, as far as the coal situation in Canada is concerned, because no country should be expected to send outside its borders the commodity upon which the existence and life of the people depends.

Very little has been done about this matter, and I am sorry that more has not been done about Canadian coal and more in peat and wood, a substitute, and electric power. We should provide for a substitute supply. The coal question is largely one of transportation, and after the next winter it is certain that [illegible] will have to be done, because I predict that we shall again have next winter the awful suffering which was experienced in 1917 because of the shortage of coal.

Another matter which is important at this time is concerned with the housing administration. I have had some correspondence with the wartime prices and trade board on this subject. I cannot understand why the government has not been more active about providing housing, urban, suburban and rural. Little or nothing has been done. In the large city I come from several hundred cases of evictions before county judges are pending, and notwithstanding the new Housing Act and the wartime housing provision there has been considerable suffering in Toronto. One of the main things I complain about is that the soldiers who have invested all they had from their grants and gratuities in small homes find now that they cannot get possession. Under the present control system many tenants have no written lease; they are month to month tenants; yet they are allowed to continue in possession and the owner cannot get into his own house. One man named Anderson in my constituency was arrested, handcuffed and taken to a Pape avenue police station in my riding. The bailiff evicted him and put him on the street, until along came somebody and took him in. I claim that control in this matter should end immediately. I protested against the eviction of this soldier; the name of the man evicted was James P. Anderson. A man's house used to be his castle. How long is the property owner to endure this kind of thing? A man puts his savings into his house, and is given to understand he has no control of it. Essentially it becomes the property of the wartime prices and trade board. The war ended over a year ago, yet this system continues as to an owner recovering his own house to live in, it is causing a great deal of distress in the city of Toronto. I saw the controller of housing about it. We had a good man in charge of housing named Mr. F. W. Nicolls, a valuable man. When I wrote a week or more ago to the new rent controller, Mr. Owen Lobley, of the wartime prices and trade board, Ottawa, complaining about the hardships to owners I got a letter from this new officer stating that he had never heard of anyone by the name of Nicolls in the prices board, although he was for over three years in charge of housing with the wartime prices and trade board.

Such a state of affairs should not continue any longer. We should have an end of the absurd rule that the owner cannot get into his own house. I know of one tenant who goes away down south for three months in the winter time and in the summer time has a cottage in a summer resort district; he is hardly ever in his city house, and from what I hear he makes a large profit out of it, but the wartime prices and trade board do not go around and inspect such places and find out some of the abuses and the profiteering which is going on in real estate, while hundreds of owners, some of them soldiers, cannot get into their own houses. You, Mr. Deputy Speaker, are an ex-mayor and you should know from personal experience that this sort of thing is going on. As I say, it is causing a lot of trouble.

An important question which I think the government should try to answer is, what is the budget going to do to stop the exodus of our best brains to the United States? In the period between the two great wars a return was tabled in this house showing that over a million Canadians had in that time gone to the United States because they could not find employment in their own country. Many of them were soldiers who had fought for this country at the hazard of their lives in the last war. They found it impossible to get work in Canada. The other day, in connection with another subject that was under con-

sideration in the house, I referred to the exodus of young graduates from the departments of civil engineering in our various Canadian universities, as well as young men in the medical and other important professions. The Toronto *Globe and Mail* interviewed a large number of people, including Mr. Cyrus Eaton, a great Canadian from Pugwash, Nova Scotia, to whom the hon. member for Davenport also made reference. This gentleman is chairman of Steep Rock Iron Mines, Limited. Another man who has been referred to in this house is Professor Brebner, the son of one who was well known in Toronto as the efficient registrar of Toronto university. He is now professor of history in Columbia university and is the author of a work dealing with scholarships in Canada. He states that we have not in Canada proper means for research, that young scientists have not conditions that are congenial to them, and have not the opportunities for advancement in Canada that are now offered in the United States universities. This is regrettable after all the money that this country has spent on colleges and universities, and on education, because we have some of the finest institutions in the world in preventive medicine, in many branches of the engineering profession, in chemical, electrical, mining, mineral and other branches of scientific research. Very important work is being done in our Canadian universities, and something should be done by the government to put an end to the present exodus of such really good Canadians.

Another matter I wish to discuss for a moment or two is the food situation in the post-war world. As you know, Mr. Speaker, at the Hot Springs conference resolutions of a revolutionary character were passed by the council of the united nations organization, and advertisements have been published in an endeavour to sustain the faith of small and large business men in the utopia we are supposed to have in the future. All his life the business man in this country has been depending upon free enterprise. Now Mr. Hoover, the food world head, wishes to see established a committee with power to control the production and distribution of the food of the entire world. I would remind hon. members that after the last war there was a commission under Mr. Hoover that was subject to much criticism, and apparently they did not try to do anything efficiently in this direction; and we know about the debates that have taken place on it recently in the United States congress. Now an effort is being made to create some device in connection with the united nations organization and UNRRA to set up a world authority to discharge the functions proposed by Mr. Hoover.

I do not think people realize that the mother country has suffered more from lack of food than any other country. Now they are rationing bread and flour and many other staple commodities. I hope that mistakes will not be made in this matter of world control such as we had after the last war. Canada should go much farther to aid the motherland in food supplies.

There are many other matters I would like to discuss but I have not the time. Empire preferential trade, however, is something that should receive our attention now that we are discussing the budget. Little is done by us to preserve this trade. There are three or four committees sitting this afternoon with the house now in session, and some have gone home on the four o'clock train for the big parade to-morrow. We are on the eve of a great anniversary, Mr. Speaker, one of two great days—the 17th of March and the 12th of July. The people of Canada owe a great deal to the people of Ulster for the protection which was given our fleet in two world wars in the battle of the Atlantic and for the great leaders that Northern Ireland has produced. I might mention Field Marshal Montgomery, Field Marshal Alexander, Admiral Cunningham, Sir Alan Brooke, Lord Kitchener, Lord Roberts, to name only a few. The late President Roosevelt, as well as Mr. Churchill and General Eisenhower, paid glowing tributes to these great men and to the people of Ulster generally for the part they had played in the war. They saved civilization by the protection which they gave the British fleet at a critical time when it could not use the southern ports as it had done during the last war. I presume that many hon. members have gone home so that they will not forget the parade to-morrow. We may well be proud of the work which northern Ireland did. I was going to ask the hon. member who preceded me in this debate to take part in the parade to-morrow, and I know that the Minister of Finance and his deskmate, the parliamentary assistant (Mr. Mayhew) would be very welcome.

I wish to pay my tribute to what that great country Ulster has done for the preservation of our civilization and the liberty of the world in the two great wars. Lord Macaulay has fittingly referred to the achievement of 1688-90 as a result of the battle fought there. He refers to that fight for equal rights to all and special privileges to none, for freedom of religion, freedom of worship. Ulster stands

for one throne, one flag, one empire, and the principle of confederation, which is a very good one exemplifying the old Cornish battle cry, "Each for all and all for each", with equality of treatment for every citizen of Canada. These are the principles of the Orange association. Lord Macaulay's reference to those great people will be found in the words he spoke after the siege of Londonderry. He said: "The various tombs of captains have been sought, repaired and embellished. It is impossible not to respect the sentiments which manifest themselves in these tokens. They are sentiments which appeal to the higher and the purer part of human nature and add not a little to the strength of states. A people that take no pride in the noble achievements of their remote ancestors will never achieve anything worthy to be remembered."

In that regard, Mr. Speaker, I may say that there is no bigotry in the province of Ontario or the city from which I come, and on the two great days to which I have referred, the 17th of March and the 12th of July, our people should try to forget their differences and aid in a united Canada.

I mentioned the need of empire trade preferences. As Joseph Chamberlain said in 1903, "Empire trade is absolutely essential to our prosperity, and it is more than ever essential now. If that trade declines our fate will be that of empires and kingdoms of the past." That is the opinion that the great Joseph Chamberlain expressed so many years ago, and it is one that I heartily support to-day. Edmund Burke made this statement in his day:

> We ought to elevate our minds to the greatness of that trust to which the order of Providence has called us. By adverting to the dignity of that high calling, our ancestors have turned a savage wilderness into a glorious empire; and have made the most extensive, and the only honourable conquests, not by destroying but by promoting the wealth, number and happiness of the human race.

In my opinion the empire is at the parting of the ways. Without the knowledge of the dominions, the British Prime Minister (Mr. Attlee), declared his intention of removing the British garrison in Egypt and abandoning the Suez canal. He did not ask the dominions anything about it. I would point out that the dominions, India, South Africa, Australia and New Zealand, helped Britain to hold the Mediterranean and marched across the desert with the British army in 1940-42. Consequently I contend that this new method of diplomacy, of consultation without meeting, has been weighed in the balance and found wanting. This Suez canal incident shows it. There should have been an empire conference or a meeting with the dominions. This method of consultation by telegram and telephone and all that sort of thing is entirely wrong. The British Prime Minister said that the dominions had been consulted on May 7, and the next day he rose and contradicted himself and admitted that they had not been consulted, but only told of it and not asked to consent. The defence of Egypt means the defence of the eastern empire. It means the defence of South Africa, Australia, New Zealand, and Canada also, and it involves the Pacific question. In my opinion the politicians have thrown away by such actions as this the mandate that was won for them in the war by the forces of Britain and her dominions. We should know where Canada stands herein. I wish to mention India also, where a commission is out to turn India out of the empire and over to Gandhi. The other day I termed it in this house a most mischievous commission. India is the heart of the British empire. Indian troops, along with New Zealand, Australian and British troops saved India from the axis and the Japanese powers and dynasties in the last war.

With regard to Egypt, the Egyptian army took little or no part in the march across the desert or to preserve the Suez canal with the Australian troops. I cannot understand these two particular errors which have been made by the British government without consulting the dominions. I have noticed remarks in the Australian press. They are protesting most strongly against it, as is also New Zealand. Sir Thomas Blamey is quoted by the Sydney *Morning Herald* as follows:

> If the proposal is carried out to its indicated conclusion its far-reaching effects on empire relationships which cannot at present be fully foreseen, must obviously have a disintegrating effect. We will be entering upon a new phase in empire history because the strategical unity of empire relations is centred on this canal zone. The Egyptian army never took a prominent part in the defence of its own country, but left it almost entirely to the British empire and our allies.

That is right. "Sir Thomas knows what he is talking about", says the *National Review*. The maintenance of Alexandria as a British base was a factor of safety in the empire lifeline. The same great anxiety was also shown by Mr. Casey, who found it difficult to believe that the decision to leave Egypt had been a subject of first class consultation with the dominions, while Mr. Menzies, a former prime minister of Australia, now leader of the opposition, spoke with emphasis about the decision, which was made lightly behind our backs on a matter which in the event of another war may make all the difference to Australia

between national security and national destruction. This statement was made in the *Argus* on May 9, 1946. These reactions to the news that the imperial government were leaving the Suez canal were reported before it had been made clear that the dominions had never been consulted.

I noticed in the reading room that the *Daily Express* of May 18 last summed up the situation in the following brief comment:

Liquidation

Suez canal—jugular vein of the British empire.

India—heart of the empire. Imperial preference the blood stream of the British empire.

Danger to any one would be grievous to the empire's structure.

There was also the abandonment of British preference. I have been trying to find out what the stand of Canada was, but in vain. These three blows have come from within and not from without our empire, all three were unnecessary, and danger to any one will be fatal to the empire structure of the future.

The empire, I say, is at the parting of the ways. I have mentioned India, where there is a mischievous commission at the present time. I say further that the maintenance of Alexandria as a British base was a safety line for the whole empire, and the action taken was not necessary.

I wish to say a word about the empire parliamentary association, to which this parliament contributed $25,000 last year. For many years it did most useful work, but I am sorry to see that at the meeting at Bermuda the delegates attended too many golf matches, scenic trips, scenic tours, banquets, luncheons and teas, garden parties and all that kind of thing, and failed to carry on their good empire work. It turned itself into a pan-American affair and forgot all about the empire, in my opinion as an old member of the empire parliamentary association, Canadian branch.

We are about to send someone over to the peace conference. As I have said all along, Britain and the dominions will have little or nothing to say in the peace conference if the dominions do not stand together. But for the dominions the mother country would have lost the war. The dominions must hang together or they hang separately, because none of them is able to go it alone.

It is well known that the division of Europe was agreed to at Yalta and Moscow by the big three. They would not allow France in. Mr. Churchill, Mr. Stalin and Mr. Roosevelt were at Yalta, and Mr. Byrnes, Mr. Stalin and Mr. Attlee at Moscow.

The division of Europe was agreed to at Yalta, Moscow and Paris. It was practically decided there. The biggest mistake of the San Francisco meeting was the granting of veto power to any one of the big three or the big five nations. The veto power simply places all the power under the control of three nations, the senior allies. They were opposed to admitting France. Russia objected to it. France will always be a great nation. She is an ally which Great Britain must have for defence, and Britain will need all she can get to have anything to say over there. Unless the dominions stand together at Paris they will hang separately. I am opposed to any change in the union jack or in appeals to the privy council. The privy council has proved itself to be one court where a litigant gets justice.

A few years ago in an external affairs debate I suggested we should have followed the practice of appointing governors general from among some of our great generals. The appointment of Field Marshal Viscount Alexander is a splendid one. I also suggested Field Marshal Montgomery. Field Marshal Alexander and his charming wife have won the admiration, respect, affection and love of the people of Canada in so short a time.

The matter of empire preferences is one of the most important matters that we have to decide at the present time. I am not one of those who believe in what one of our members said concerning Lord Keynes and his work. A recent editorial in the *National Review* says:

In spite of his excellent brain he was handicapped, for he had no faith in the future of the empire, nor indeed any urge to stand by it. This lack of faith, this pessimism showed all through his life. He did not fight for his country when he was a young man, and when he was older he did not appear to rely on the essential qualities of his countrymen. He could work for them, but he could not believe in their future. This attitude of his did us immense harm in Washington.

I have pointed out all along that we have surrendered too much of our financial, military, social and economic initiative to Washington. And that was done in connection with the matter I am speaking about, imperial preferences and Bretton Woods. "Many Americans felt that they need not consider the empire when England's principal negotiator disbelieved it," says the *National Review*. It continues:

Added to this, he was accompanied to Washington by a crowd of superior young men, economists, professors and others who made an indelible and deplorable impression upon all who saw them and heard their haughty and highbrow voices. We make a great mistake when we send such representatives abroad. We cannot make ourselves popular in the United

States; there is too deep a prejudice there against us, but the sort of people we sent to the United States to discuss the loan would be disliked anywhere and were fatal in America.

There is a lot of wisdom in the *National Review*. I am sorry to see the remarks which have been made about the British loan over there by some people, but you have to expect some of that, because there are some people there in congress and the press who do not believe in the mother country and were always opposed to it.

If the peace conference is to be a success it will have to be an improvement on the last one. Our delegates who go to Paris will find that they will have very little to say when they gather with the group of twenty-one nations. We must remember what has been happening at the meeting in Paris. They have been meeting for several months. An article in a British paper says:

> Mr. Bevin and Mr. Byrnes have been meeting with the delegates from Russia and France. There have been announcements in the press, and secret meetings were held, but everything has been a failure. There was no agreement. The British, French and United States delegates have learned that Russia does not intend to play any of their games. It has been a sort of educational process. But there must be a better way of managing it.

So far as diplomacy is concerned, I think it would have been much better if we did not have the present style of open diplomacy; the old style by experts was far better. Mr. Eden referred to it in a speech he made recently in another room in this building. At the time of writing of these articles no less than six British cabinet ministers were going around the world causing disunity. I can only say that Canada is bound to weather the storm; so will Britain and the empire if we hold together, but I hope nothing will be done at the coming peace conference to affect the empire relationships we have enjoyed with the mother country in the past.

During this budget debate reference has been made to colonial days. Such phrases are a relic of thirty years ago, because there is no colonialism today in Canada. As Sir John A. Macdonald said, we are a completely independent country, and we shall be a unit with the mother country forever. They talk about British imperialism, but next to the Christian church no agency has done more than the British empire for the world, for Christianity, freedom and liberty. Long may that empire continue. Compare that with Russian imperialism, and United States imperialism. They may not have had imperialistic ideas when they came into the war; they may not have wanted to grab territory; but Russia does now and they are both imperial now in the sense that they want to have a larger say in the peace terms and in the new world to come and more territory. Perhaps you cannot blame the United States; they are a faithful ally and stood with us in two wars; but Russia is not playing the game. I am not one of those who believe there will be another war with Russia, at least not for another fifteen or twenty years, but I do believe we should have a different kind of diplomacy on foreign affairs in which Canada should play a part. After all is said and done, when we go to the peace conference we shall be only one of twenty-one smaller nations, and we shall find that the other big three or big five will keep us out in the hall while the big five decide what is to be done. Then, if they do let us in, one of the five can veto whatever we suggest. So I do not see that we will gain a great deal by attending that conference. The peace terms have all been decided in London, Yalta, Moscow and Paris by the big three; Russia has been given a great deal of territory in the Balkans, where she is introducing a new form of communism which is to be the communism of Europe. Unless we and the other dominions stand by the mother country we shall have little or nothing to say about the peace terms.

Mr. DEPUTY SPEAKER: Order. I must inform the hon. gentleman that his time has expired.

Mr. CHURCH: I shall conclude in just a moment. But for the mother country and the other dominions we might have had the awful horrors of war on our own soil, right here in Ontario, Quebec, and the maritimes, with the concentration camps, the loud speakers, the whip, the tramping of feet, the gestapo police, and with tens of thousands of our population carried off to do forced labour in the German mines. Let us pay tribute where tribute is due for this.

Mr. H. G. ARCHIBALD (Skeena): Mr. Speaker, this budget has been brought down and I believe it is a great disappointment to the people of Canada, in view of the hopes they built up during the war. They thought we were coming at least into the beginning of a new order of society. In its wisdom, however, the government seems to be going back to the old cry of seeking normalcy, whatever that may be. In all my lifetime I have never experienced it. The hon. member for Muskoka-Ontario (Mr. Macdonnell) took us back to the seventeenth and eighteenth centuries and spoke of that as a time of opportunity, when people left the old country and came here to seek their fortunes. The blood I come from did not come to this country under those conditions. Their homes were burned around

their ears and they were kicked out on their own. Some were brought here through the charity of one individual, Lord Selkirk, and when they got here they had to start the fight all over again with the Hudson's Bay company and the Northwest Trading company. That fight is continuing now, on a higher plane.

I should like to quote what Chester Bowles has to say about normalcy, in an article which appeared in *Harper's* magazine for April, 1946:

> Full production, Bowles continues, is the only answer. "To achieve it we've got to use our man-power and our resources in peace time as fully as we used them in war. At 1945 levels of farm and factory prices and at present wage levels, that means $150,000,000,000 worth of purchasing power—and $150,000,000,000 worth of bathtubs, beefsteaks, refrigerators, and decent schools to spend it on. At that level America would buy 60 per cent more food than we ate in 1940, 72 per cent more clothing, 68 per cent more electrical equipment, 105 per cent more household furniture, 130 per cent more new farm machinery, and three times the number of new homes!"

The fact of the matter is that according to the tables in the budget the physical volume of business is down eighteen per cent or more. In other words, the government had it within its power, when the war finished, to continue organizing society and producing goods for the shortage which was bound to come. We solved the needs of war by organizing through the state, and the needs of peace are just as great; in fact the dangers that face our society and our country may be even greater than they were during the war; who knows? The Prime Minister (Mr. Mackenzie King) came back from Europe and pointed to the danger of revolution over there. If revolution breaks out in one spot it soon spreads all over the world, and we might be faced with that problem. At least we would be affected by it; and unless we solve the problems of production right here on the home front we shall certainly be faced with some disaster or another. After the first great war the government of the day in Great Britain repealed DORA, the defence of the realm act, and threw industry back into the hands of private individuals. By 1926 the great general strike had broken out and machine guns were on the corners of strategic buildings.

By not accepting its responsibilities and producing in and through the state, the government is actually bringing about a state of social disorder in this country. It is not the fault of labour; it is because the government has refused to accept its responsibility of organizing production, especially to deal with the scarcer items in the basic part of the economy. Therefore the government has sponsored inflation. I heard the appeal made here by the Minister of Labour (Mr. Mitchell) to labour, asking them not to strike and saying that production was the main thing. Yes; production is the main thing; but when the government throws the basic part of the organization into disorder so that it cannot be done, you cannot blame labour. On the other hand, during the war people bought bonds with the idea that later they could purchase at least as much as their money was worth during the war. Yet prices have been allowed to go up, because the government was not producing. In other words, it has not kept faith with the people who were asked and begged to buy bonds.

When we appeal to labour to produce, what is labour facing and what does it know? It knows that if it goes to work to-day it is working itself out of a job to-morrow. We have inflation with us at the moment, but we face deflation in the immediate future. I have a quotation here from *Time* magazine of June 24 of this year, under the heading, "Business and Finance":

> Last week Mr. M. E. Coyle, new G.M. executive vice-president, seemed to be voicing the anxiety of all industry, not merely of auto manufacturers, when he said: "We will catch up with the pent-up demand more quickly than many think."

Further on, dealing with the rise in prices in the United States, it says:

> No one doubted that prices would go up—certainly for a while. The guesses ranged from 20 per cent to 50 per cent. Businessmen figured that full production in all industry would be reached by next January, and that the end of the seller's market would come in the spring.

These are from reliable sources. When a seller's market ends and a buyer's market begins, it means unemployment. The worker knows there is no incentive to produce. Under this system it is only when profits are being made that he goes to work.

There is another feature in this budget. The taxation of lower incomes is definitely unfair, especially in view of the fact that we face deflation in the immediate future. A national survey of liquid assets was made in the United States by the bureau of agricultural economics. It was found that there was no reserve of purchasing power in the hands of forty per cent of the people in the United States. What reserves did exist were in the hands of the upper sixty per cent. It was found that that upper sixty per cent were not willing to pay more than $5,020 for a home, and this is in a country where inflation is supposed to be going on wild-eyed. But here in this country, under the veterans department, we are building homes worth anywhere from $5,000 to $7,000. Yet people

with capital in the United States do not feel that they can afford to pay on the average more than $5,020.

When lower incomes are taxed too heavily, when you levy heavy taxes on them you are not giving the people a breathing spell to prepare to meet the deflation which they are definitely going to have to face in the future. After the war, the government gave some hope to the ranks of the people when they came out with the dominion-provincial conference. Many good things were advocated at that conference by the federal government. There was social legislation proposed and the government was going to enter upon the building of public works on a major scale. I should like to quote from page 25 of the proposals of the government of Canada as follows:

> In its own investment policy it is proposed that the dominion adopt practices which are consistent with and which supplement its total employment programme. Unemployment in Canada in the past has been associated with an abnormally low volume of exports, of which the effects are felt in the whole economy, and with a low volume of private domestic investment. It is proposed that investment policy be used to mitigate or offset deficiencies in export income or private investment expenditure according to the principles of
>
> (a) using public investment programmes to strike as near the source of deficiency as possible; and
>
> (b) providing expenditures through established channels in which the deficiencies of income and investment are most severely felt.

In many parts of this country that programme is an absolute necessity and yet the government has dropped it. We are going to have to face a period of deflation and no plans are being made to face the issue. In other words, the government is willing to let the country drift from crisis to crisis and we shall once again have strikes, riots and so on, on our streets. When you begin to appeal after they are out on the street it is too late. If that programme had been implemented it would have saved a great deal of suffering in this country.

I should like to deal now with what could have been implemented in the case of my own riding and how it affects us. Take the case of assistance by way of providing new access roads to undeveloped mining and forest resources. In my part of the country there is the largest stand of timber in British Columbia, but there are few roads over which to get into it. There is also a large coal field in that part of the country containing coal which compares favourably with Pennsylvania coal. The area of that field is seven times the area of the Pennsylvania field. Yet we are suffering from a shortage of coal and a shortage of lumber. Surely those provinces that would be willing to cooperate with the government under the scheme advanced by the dominion should be given the benefits that were advocated at that time. Instead of that, the government is standing by and letting things build up to a crisis.

I realize that the government is working on the principle of free enterprise to the extent that it is possible, and that is what is crippling the development of this country to-day and hindering high production. Certain events that have occurred in recent times point out the necessity of government intervention in private enterprise. For example, there is the necessity of some form of government interference in the production and distribution of lumber and coal. In fact the coal situation is so critical that the people of Canada are apt to suffer in spite of the fact that there are large undeveloped coal deposits in this country, and in spite of the fact that there are also many unemployed. Not so long ago the Bulkley collieries had to turn down an order for export shipment of 8,000 tons of coal from its mine in the Telkwa district owing to the lack of storage and loading facilities in the port of Prince Rupert.

Negotiations have been under way for the shipment of Bulkley valley coal amounting to an estimated 100,000 tons annually, and inquiries have been made for a still further 100,000 tons, but none of this can be handled until adequate storing and loading facilities have been established in the port of Prince Rupert. Bulkley valley collieries have 500,000 tons proved by diamond drilling, with 250,000 tons opened up in the present workings. There is an estimated 30,000,000 tons in the immediate area, according to Doctor MacKay of the geological survey.

We have been and are going through periods of critical shortage, and the uncertainty of the times points out the fact that we shall be facing further crises in the future. If the government is going to adapt itself to the times we live in it will have to take a lead in actively sponsoring the development of such natural resources as the coal fields around Telkwa, without even mentioning the fact that the Groundhog region should be opened up and ready in case of a national emergency.

We know what we faced during the war. At that time we faced critical shortages. We now have an opportunity of developing and opening up areas so that nothing in the line of such shortages would ever again face this country. The test of whether government as we have it to-day is going to survive will be measured by its ability to meet the day-to-

day issues as they present themselves and upon whether it has foresight enough to prepare for the future. With active sponsorship by the government of a project such as I have dealt with, other developments would naturally follow suit and these developments would bring in revenue to the government.

If the physical business volume is falling off it is natural to assume that it will be difficult to meet the obligations of government. The only way we can meet our obligations is by continued expansion from the wartime peaks. Otherwise a heavier and heavier load will be placed upon what industry is left, finally choking it off, and it will take another war to revive it.

To-day Prince Rupert is the best equipped seaport north of Seattle and Vancouver. It is the only northern port tied to the north by rail. It is interesting to note that on a map recently published by the *Christian Science Monitor,* pointing out the various ports that had been in key positions during the war, the port of Prince Rupert was mentioned while Vancouver and Victoria were not. These facts finally affect the future of trade and shipping in the north Pacific. Railroad freight rates to Prince Rupert and Seattle and Portland have been equalized, so that anything shipped out of the port of Prince Rupert going into the north Pacific would be naturally on a better competitive basis than commodities shipped through southern ports.

Richard L. Neuberger, feature writer for the Portland *Oregonian* and correspondent in the Pacific north for the New York *Times* states that strong political influences are being brought to bear against Prince Rupert as a port. With the centralization of economic interests in the south, it is quite natural to assume that these interests do not want competition coming from a newly developed area. However, with the critical shortage in raw materials facing the world to-day, it behooves us to think of the future of this country and act on its behalf rather than listen to the voices of powerful economic groups which are curtailing future economic development in such areas as the Pacific northwest.

I should like to quote from May-June 1946 issue of the *Nor' West Miner,* published in Edmonton, Alberta:

> Post-war construction programmes as outlined by Ottawa number hundreds, and will cost millions of dollars; many of them are of real value to Canada's post-war progress, but the failure to include the project of completing this third transcontinental railway will prove a real economic loss to Canada. The time has gone by when it is possible for established interests such as Vancouver, Montreal and the great lakes to insist that nothing shall interfere with the present lay-out of carrying grain and other products from the Pacific to the Atlantic. Canada is too large to-day to see development stayed. The Fort Churchill-Prince Rupert railway is the answer to many a reconstruction problem in Canada and is cheap at the cost of 18,000,000 dollars.

During the war the Jones Act was suspended, so that vessels of foreign registry, or to put it specifically, Canadian vessels, could carry material between Alaskan harbours. However, the Jones Act has once again come into force, so that Prince Rupert cannot be used as a port to ship materials into Alaska. Canada has been much too lax in not protecting its own merchant marine, and I am sure that if the Canadian government were to invoke such an act as the Jones Act, say for instance, on the great lakes, the Americans would take a much more reasonable attitude toward Canadian vessels sailing into Alaskan waters. For instance, the shipping charges on a car from the port of Seattle to Ketchikan are $86.70. But if the same car were shipped from Prince Rupert to Ketchikan it would cost only $40.80. With the port of Prince Rupert in this challenging position, why cannot the government actively sponsor and help them take at least part of the profitable trade from the south, so that the natural resources of the north could be opened up and developed?

Another hindrance to the development of the north and Prince Rupert as a port is the load line in northern waters, which works to the detriment of the development of shipping in those waters. Under the international convention on load lines, latitude 50 degrees to 60 degrees is considered to be more dangerous for shipping than latitudes between 40 and 50 degrees north. However, according to master mariners who are familiar with conditions in the northwest Pacific, in this location navigation is as good as if not better than farther south owing to the absence of winter fogs which are such a menace to the ports in the south. The effect of the present load line is to give the port of Vancouver an unfair advantage over the port of Prince Rupert because a vessel loading an 8,000 ton cargo is able to take 300 tons more at Vancouver than at Prince Rupert. A ship sailing out of Prince Rupert would have to get twenty-one cents a ton more to handle cargo than at Vancouver. This is undoubtedly one of the main factors causing the grain elevators at Prince Rupert with a capacity of 1¼ million bushels to be almost entirely neglected.

The pilot chart of the north Pacific, number 1401, published by the hydrographic office of the navy department of the United States of America at Washington supports the argument that weather conditions along the

Pacific coast are just as favourable at latitude 56 degrees as at latitude 51 degrees. In the interests of trade and commerce out of the north, which in the final analysis will benefit the whole nation, this government should add its weight to having this unfair discrimination removed. Seemingly it has been to the interests of this country in the past to subsidize shipping out of Canadian ports even to the extent of aiding shipping companies sailing under foreign flags. At one time, just prior to the war, a subsidy was granted to ships sailing out of Prince Rupert, and I realize that the Minister of Trade and Commerce (Mr. MacKinnon) has expressed himself in the past as being impressed with the merits of once again bringing subsidies into effect. If the government in its wisdom would rectify some of the injustice and unfair laws discriminating against the use of this northern port much of the funds used in building this port up during the war could be realized in taxes from an economically developed countryside, and with the raw materials which lie behind the port of Prince Rupert it is logical to believe that whole new communities would open up all through the north. The government at the present time is not helping the matter to any degree, particularly for a government that is so much interested in and so proud of private enterprise.

I received on June 3 last an answer to a question that I had on the order paper, and the answer showed that the subsidy to the Prince Rupert dry dock of $76,970.88 which had been paid for the last twenty-five years has been cut off. But I notice that the subsidy to the Burrard dry dock is still being paid. That is a subsidy paid to a privately-owned dry dock, owned by a company that is able to expand and buy a whole new shipyard in Victoria. But, as I say, the subsidy to the Prince Rupert dry dock has been discontinued. There will have to be a change in government policy for the north to develop.

Governments throughout the world generally recognize their responsibility in taking a lead in developing their natural resources, and I should like to see this government do likewise. This parliament has recently passed a resolution presented by the hon. member for Cariboo (Mr. Irvine), recognizing the need for connecting the Peace river with the Pacific railroad outlet. With this resolution some day being brought into effect, the government, in promoting some of these needs that I have mentioned, would be anticipating the future, applying vision to our democratic institutions.

Hon. LIONEL CHEVRIER (Minister of Transport): Mr. Speaker, the hon. gentleman who has preceded me (Mr. Archibald) will pardon me if I do not follow him in the remarks he has just made. I had no intention of taking part in this debate this afternoon but I have been prompted to do so by the remarks made the other evening by the hon. member for Cape Breton South (Mr. Gillis). In his speech he made certain statements and levelled certain charges to which I believe it is my duty to reply. The charges had to do with the national harbours board. In order that I may not in any way misquote the hon. member I will read what he said as reported in *Hansard* of July 9, at page 3292:

> I want the Minister of Finance or the responsible minister to give us a statement as to whether the minister of industries in the Nova Scotia government made that charge and can substantiate it or otherwise. The reason I want that done is that if the milling interests of central Canada blocked the Nova Scotia government from establishing a million-dollar industry in that province they did a serious disservice to that province.

Prior to that, the hon. member had quoted from an editorial in the Halifax *Herald*, which stated:

> During the session of the Nova Scotia legislature recently prorogued, the minister of industry levelled a direct and serious charge against the national harbours board. He charged that "the milling interests of central Canada blocked the Nova Scotia government's plans to erect a million-dollar flour mill at the ocean terminals in Halifax."

Of course it is not my purpose in rising to defend or attack the milling interests of central Canada. That is no concern of mine. But I am particularly concerned with the other part of the statement which was quoted by the hon. gentleman, who again was reading from the Halifax *Herald*:

> Before a house committee the minister declared that—

He is referring here to the minister of industry and publicity of the Nova Scotia government.

> ". . . he was entirely satisfied that the decision of the national harbours board to refuse the government permission to use pier 23 for the mill 'was dictated by the milling interests of this country'."

That is the charge with which I am concerned. I am not in a position to say whether the minister of industry and publicity in the Nova Scotia government made that statement; all I have to go upon is the editorial which I have seen; and I say now without equivocation that any policy followed by the national harbours board was not dictated by the milling interests of central Canada, nor was that policy affected either directly or

indirectly by the milling interests. I think I can safely add that no flour mill in central Canada, no big interests or no cartels had anything to do with the determination of the policy followed by the national harbours board in that or in any other instance. I need only tell the house who the members of the national harbours board are, and I think they will agree immediately that the case is as I put it. The house knows that the chairman of the national harbours board is Mr. R. K. Smith, a former member of this house, a man who is particularly well known to Nova Scotia members, and I think the house will agree with me when I say that either directly or indirectly that individual certainly has no connection with the milling interests of this country, or with big business, or with any cartel. The vice-chairman of the national harbours board is Mr. J. E. St. Laurent, a former officer of the Department of Public Works, a former chief engineer of the St. Lawrence ship channel, and also a man who has no connection, direct or indirect, with the milling interests. I think I can safely say the same about Mr. B. J. Roberts, a trusted employee for a while of the Department of Finance and a man who is a watchdog of the treasury so far as the national harbours board is concerned. So that I say to this house without equivocation that that charge is totally unwarranted and is totally unfounded.

Let me now deal if I may for a moment with the facts which led to the decision of the board, and I think the house will want to know what these facts are.

Some time in 1941 the then premier of Nova Scotia made representations to my predecessor, Hon. J. E. Michaud, with reference to the erection of a flour mill at pier 23 in the harbour of Halifax. The premier of Nova Scotia stated that his government had been in conference with an Ontario flour mill and he was endeavouring to make arrangements for the construction of a flour mill at tidewater, Halifax, to supply mill feed. It was indicated in that letter that there was imported annually into Nova Scotia some 100,000 tons of mill feed and some 300,000 tons for the whole of the maritime provinces. It was further indicated that with the erection of a flour mill this market could be supplied and an important saving effected. It was also stated that grain could be brought from Churchill to Halifax at low cost, processed in the proposed flour mill, and used to supply markets not only in the maritimes but also in Newfoundland and the West Indies. The letter went on to state that arrangements were being made for the construction and management of the proposed mill, and the site selected was pier 23 in the Halifax harbour. It was also suggested that the pier should be leased to the government or to the company which would set up the flour mill at a nominal rental. The letter went on to say that because of the storage elevator which was in close proximity to pier 23 it was the intention to use this elevator as an overflow storage reservoir.

Nothing came of the application, if I may so call it, made in the letter from the Premier of Nova Scotia in 1941, for the reason that the milling company found it difficult, so I understand, to obtain milling machinery from the British isles, and the matter was allowed to stand over for the time being.

The proposal was again brought forward in 1945, and at this time this additional information was submitted to the national harbours board. Again it was stated that the proposed mill was to have a daily capacity of 1,800 barrels, and that it was to be erected on pier 23 in two units, and it was suggested that a lease of the pier and of the elevator facilities be granted at a nominal rental. The capital cost of the mill was to be $1,000,000. The mill was to be operated by a company to be known as the Atlantic Flour Mills Limited and to be managed by one R. J. Pinchin. A bank loan of $1,000,000 was to be guaranteed by the government of Nova Scotia, and in the event of the non-success of the venture the government of Nova Scotia was to be responsible for all capital costs.

In order to show that the national harbours board did everything which could be reasonably expected of it, I want to state that meetings were held following this correspondence between the premier of Nova Scotia, his minister of industry and publicity, and the national harbours board, both at Ottawa and at Halifax, and much correspondence passed between the board and the Nova Scotia government. The board's position, after it had carefully considered everything, was made known to the government of Nova Scotia in a letter which my predecessor, Hon. J. E. Michaud, wrote to the then premier of Nova Scotia. I should like to read this letter, because it places on record the position of the national harbours board, and I think every member of this house who wants to view this matter reasonably can come to no other conclusion than that it was the only decision which could be arrived at, at the time. I quote the letter of March 16, 1945, addressed to the premier of Nova Scotia.

Dear Mr. MacMillan:

With respect to the application of your government for a location on pier 23, Halifax harbour, to establish a flour mill in close proximity

to and connected with our grain elevator facilities, and the use of the grain elevator in Halifax in the rear of said pier as an overflow storage house, said mill to be operated by the Atlantic Flour Mills Limited under the presidency and general managership of Mr. R. J. Pinchin of the Copeland Flour Mills, Midland, Ontario, my colleague, the Hon. Mr. Ilsley, has again brought your application to my attention urging immediate consideration by the government of your request for terms.

The national harbours board, I understand, indicated to you previously that they would not be justified in recommending the leasing of existing harbour-front transit facilities for anything other than transit purposes and, in answer to your request for an alternative site in the rear of pier 23, after investigation by the board's engineers, they considered there was not area enough there to contain the flour mill and enable the board and the flour mill company to have sufficient extra space required for their respective operations.

A meeting was called by the Hon. Mr. Ilsley in his office last week to give further consideration to your application. A thorough discussion took place developing various phases of your application and its implications, if granted, which application I may say has caused no little concern to the authorities here because of the rather unusual request which, if granted, will immobilize a pier and shed built in 1918, at a cost of approximately $1,000,000, as a foundation upon which to construct a flour mill, and the further disadvantage of immobilizing partially during the summer season and totally at least during part of the winter season, an elevator costing roughly $2,250,000.

In answer to your inqury for terms to lease pier 23 and the grain elevator storage space required, the meeting in Mr. Ilsley's office came to the following conclusions:

1. That the government would not be justified in leasing the pier and elevator on the basis of a nominal rental;

2. That the rental, in answer to your inquiry for terms, should be based on the relationship of the capital invested, together with the potential earnings of the pier in question;

3. That the national harbours board is willing to instruct its engineering staff to investigate at once the question of an alternative location in Halifax harbour on property administered by the board but not occupied by transit facilities;

4. That in no circumstances if an agreement is reached on (2) could the government allow construction on pier 23 or any other operations or undertakings connected therewith which would interfere in any way with the mobility of transit business across the pier until, not only the end of the German-Japanese war, but, running into the post-war period, a sufficient time to satisfy the authorities that the facility would no longer be required for accelerated after-war business.

When you have considered these various points, I sincerely trust you will write me as we are all anxious to assist in whatever reasonable way we can the policy of your government to establish a flour mill in Nova Scotia.

The members of the national harbours board are expecting to be in Halifax on Tuesday and Wednesday of next week, the 20th and 21st instant, and I asked them to contact you or the Hon. Mr. Connolly, Minister of Industry and Publicity in this connection.

Yours very truly,

J. E. Michaud.

That letter set out clearly the position of the national harbours board, and since it was written the board met the premier of Nova Scotia and his cabinet, had a thorough discussion with them, and thereafter agreed to send one of the senior engineers to Port Arthur to discuss alternative sites on the board's property in Halifax, with the persons who were to manage the proposed flour mill. Later, engineers were sent by the board to Halifax to make a complete survey in order to ascertain whether other space was not available on the harbour property. The engineers made a survey and reported that there was such a site inshore to the south of the cold storage plant which could be made available. The board was told that that site was not satisfactory and that it was pier 23 or nothing at all.

That, Mr. Speaker, is the position so far as the establishment of the flour mill is concerned, and I say this to the house. It is not the business or the duty of the national harbours board to immobilize its transit facilities by making them available either to private corporations or to other bodies. It is its business to assist private corporations, governments and other bodies in any way it can, and I say that it has done so. To have asked the board to immobilize a transit facility such as pier 23 and to use that as a foundation upon which to build a flour mill, at no cost or at nominal cost, is, I think, going beyond the jurisdiction for which the board was established.

The house knows there is a National Harbours Act by virtue of which parliament gave the national harbours board certain powers, duties and obligations, and parliament certainly did not give to the board the obligation or the power to do what was asked here. At any rate, it would appear quite clear that if the industry itself cannot support a costly site of this nature it should not be the function of the national harbours authority to provide it on more favourable terms than to any other interest requiring harbour property. Even if reasonable financial arrangements had been proposed, the board could not at that time justify any recommendation to reduce shipping facilities in Halifax. The board was then inclined to doubt that it was the proper body to receive or entertain proposals on such a basis, however desirable the project may be in relation to the province's objective. It appeared to the board that it is only within its field when it recommends granting the use of facilities under its administration on terms and for purposes that appear to be warranted, having regard to the interests of harbour operations.

Similar requests, applications and proposals come from other interests in other parts of Canada, and it has been the policy of the board to do in these instances exactly as it has done in this. I do not wish to take up unduly the time of the house but I feel that I should at least make the statement that the charge quoted in the editorial by the hon. member for Cape Breton South (Mr. Gillis) is entirely unwarranted and unfounded.

While I am on my feet there is one other thing indirectly connected with this which I should like to say, and it is this. From time to time the national harbours board is attacked because of the fact that it does not consent to what local interests ask or does not grant the demands of local interests. At the moment I am not referring to Halifax any more than I am to any other port or harbour which comes under the jurisdiction of the national harbours board. In these instances the board is in the peculiar position that it cannot reply to the accusations. It is an emanation of the crown and it has not been in the habit, nor has it adopted the custom, of replying to all the charges made against it in the press.

May I say here that the national harbours board has done an excellent job in the matter of administration of harbours in this country, particularly having regard to the condition of things as taken over by the national harbours board, when it was incorporated by act of parliament. The house knows what conditions were like in those days. It knows that the report of Sir Alexander Gibb dealt with the most unsatisfactory condition that existed in a number of harbours across Canada. The board took over that condition, and the financial position of the harbours in Canada to-day is far better than it was at that time.

When the national harbours board took over the port of Halifax in 1935 the operating revenues were $500,936, the operating expenses were $504,851 and the operating deficit $3,915. In 1945, because of the policies of the board, the operating revenues were $1,653,000 the operating expenses $1,033,000, showing a surplus of $619,797. The statement I make is in reference to the harbour of Halifax. It goes to show that the position of Halifax harbour in 1945 is far better than it was when the board took over. The same can be said of all other units under the jurisdiction of the national harbours board. In 1935, these units showed operating revenues of $7,427,000, and operating expenses of $4,975,000, leaving an operating surplus of $2,451,000. In 1945 the operating revenues of all units under the jurisdiction of the harbours board amounted to $13,395,000, and operating expenses $6,851,000, leaving an operating surplus of $6,554,000. In my judgment this is a proud record, and anybody who studies the figures, if impartial, will, I feel sure, agree with this.

The national harbours board are criticized and blamed for leaving undone things which they are not authorized to do under the National Harbours Board Act. They derive their authority from that act, and certainly it is not authorized in any sense to turn harbour facilities placed under the board for administration as a harbour facility, to other parties to be used as a foundation for a flour mill.

I think it my duty to tell the house that the decision of the harbours board to act as it did was in accordance with the terms under which it was set up by parliament; that the decision to which it came was the only decision to which it could come under the circumstances; that the matter was given careful consideration not only by the Department of Transport but also by other departments of government, and that even to-day the national harbours board stands ready and willing to facilitate the establishment of that mill.

Mr. GILLIS: Would the minister answer a question? In the minister's statement there was one error which I should like to correct. This matter was not raised by an editorial; the editorial merely quoted the minister of industries of the Nova Scotia government. He raised the question. The minister said that there was an alternative site available in Halifax, but someone said that it was not suitable. What reasons were given as to why the site which was available was not suitable? What was the matter with the site?

Mr. CHEVRIER: All I can tell the hon. gentleman is that our engineers went there, made a survey and suggested an alternative site. I am informed the reasons were that the site was not close enough to the pier, and that the milling industries wanted the use of pier 23, or pier 26, which was immediately opposite. It was either the one or the other. The engineer who made the report—and he is one of the outstanding engineers on the staff of the national harbours board—reported that there was an alternative site and that that site was not found satisfactory by the milling industry.

Mr. BLACK (Cumberland): As I understand the statement of the minister, there is no expectation—

Mr. SPEAKER: I am sorry, but I will not permit a debate on this question.

Mr. BLACK (Cumberland): I should like to clarify a statement made by the minister.

I should like to know if there is any expectation that this mill will be erected. Five years or more have passed since these proposals were put forward by the provincial government, and the same question was before the minister. I should like to know if there is any expectation—

Mr. SPEAKER: Order.

Mr. BLACK (Cumberland): —that this flour and feed mill will be erected?

Mr. SPEAKER: I am sorry to interrupt the hon. member, but we are not in committee. I cannot permit a debate on this question.

Mr. BLACK (Cumberland): I believe the minister is prepared to make some reply.

Mr. G. K. FRASER (Peterborough West): On May 25 I made a broadcast from parliament hill over the radio, and I should like to read just a few lines from what I had to say, because it deals with the budget. I said:

> It is expected that the budget will be brought down in the House of Commons by the Minister of Finance within the next two weeks. Personally, what I feel the Minister of Finance will do is to bring down two budgets. One budget, he will say, would have come into effect if the dominion provincial conference had come to an agreement, this budget will show a lowering of the income tax. The other budget that will be brought down will be the one that will go into effect, showing no decrease in the income tax.

The reason I said that there will be no decrease in the income tax, despite the fact that the Minister of Finance (Mr. Ilsley), other cabinet ministers and members of the Liberal party during the 1945 election and since, had said that there would be a lowering of the income tax was that we as members of parliament could see no practical effort on the part of the government to cut down waste and extravagance. In fact one does not have to be a member of parliament to see that. The ordinary citizen on the street knows it exists and he is up in arms about it. I feel, and I know the citizens of Canada feel, that every cabinet minister should house-clean his own department. In fact some of them need fumigation. There are sinkholes into which the taxpayers' money is going, sinkholes which the cabinet ministers know exist and where extravagance and waste predominate. Unless these holes are blocked up at once, there is very little chance of the taxpayers of Canada having any relief at all, even in 1947, despite what the budget says.

I mentioned the dominion-provincial conference in my broadcast of May 25. I feel that it was a real good excuse for the government not to bring down any deductions in income tax. To a number of people it looked as if they did not want to have an agreement, but that they wanted to have something on which to blame the lack of reductions, instead of putting the blame right on the lap of the government where it belongs. The government created this position and it is up to them to eliminate it. It never should have started in the first place.

The budget does not offer the people of Canada any encouragement at all. The veterans of the war have not had a chance, although before the 1945 election rosy pictures were painted of Canada as a land of milk and honey after the war. On his return to Canada the veteran has not found that to be so. There is no doubt that the veterans affairs department has done a number of things for the veteran, but it has not found houses for veterans. I noticed in the Montreal *Star* of yesterday or the day before that 250 war brides were returning to England because they could not stand conditions here in Canada where they had to live in one room and in many cases without bathroom and other facilities. This government has given very little direction to the veterans. In some cases it has given a little direction and in other cases a great deal of misdirection. The worker in industry does not know what comes next. The farmer on the land does not know what the future holds, and industry does not know what is to be the next move of the government and therefore cannot plan for the future. In fact the government is strangling industry, and many other speakers during this debate have said the same thing.

Mr. GLADSTONE: Then you think Canada is a desperately bad country?

Mr. FRASER: Under the present government, yes.

Mr. MACKENZIE: Oh, you do not mean that.

Mr. FRASER: I certainly do mean that. This government has given no leadership at all. If it had shown proper business management we would have had tax reductions. If proper forethought had been shown by the members of the cabinet—and I am looking at them right now—the veteran would have had a better chance for a home. Back in the budget debate of 1941, in answer to a question of mine, the Minister of Finance said he wanted to discourage the building of homes.

Mr. ILSLEY: Yes, then.

Mr. FRASER: That was in 1941. I told the minister there were four, five or more

families living in one house, but he wanted to discourage the building of houses. We had a chance to build then, but certainly we have no chance now.

Mr. ABBOTT: By reducing our war effort in some other way.

Mr. FRASER: Yes, we were at war; but we had material then, and there were plenty of men in their sixties and seventies who were able to work, who could have been used and were willing to be used. By waste and extravagance this government has built up a debt with which not only our children and our grandchildren but our great grandchildren will be burdened. They will have to pay taxes as long as they live, and extra heavy taxes at that.

Let me mention a few of these extravagances to which I am referring. First, I am going to mention "George's Wife", which has been mentioned in newspaper editorials all across the country. This is a broadcast put on by the wartime prices and trade board in both French and English. It costs the government not only $4,431.78 a week for the English broadcast but $1,243.76 a week for the French broadcast. This is just one short broadcast a day, and this is the comment of the editor of the Peterborough *Examiner*:

> "George's Wife" we have tested personally, and it is tripe. There is no other word—tripe. It is boring, depressing, vulgar and illiterate. It would make a cat laugh and a dog howl.

This is not the kind of broadcast the people of Canada are paying a radio licence fee of $2.50 to hear.

Mr. MAYHEW: Does the hon. member know that this programme has been discontinued?

Mr. GRAYDON: It is about time.

Mr. FRASER: That is just an example; and it would not have been discontinued but for the fact that I placed questions on the order paper to find out what it cost.

Mr. MAYHEW: It was discontinued at the end of the contract, and would have been discontinued whether or not the hon. member had asked questions.

Mr. FRASER: I doubt that. It never should have commenced; and how many more broadcasts like that there may be, we do not know. We have to dig up the information by putting questions on the order paper. Even the war expenditures committee can get only half truths; they cannot get it all. We have to dig and dig to find out what is doing; then we have to put it before the people of Canada, who force the government to close down on these extravagances. I have another article on the same broadcast, but since it has been discontinued—which I am extremely glad to hear—I shall read only the heading from the Brockville *Recorder:* "Throw 'George's Wife' into the river."

Another waste of the taxpayer's money is the film board, which was organized in 1939 by this government. It has expanded until now it has become even larger than what might be called a white elephant. It has 748 employees, doing what? They are supposed to be making films, making water colours, making oil paintings, making stills, designing folders, writing literature and so on, all for the Liberal party, because practically everything they put out has a political twist to it. A great deal of the material they complete is scrapped. At two o'clock the other morning, while waiting for the train to come to Ottawa, I was talking to some servicemen about entertainment for the troops. They were speaking of films. One said his outfit rented films from a commercial concern, whose name I need not mention, and said they cost so much a week. The other said his outfit rented from the same company, but that they had tried the national film board for films. I am going to tell you what he said about those films. His remark was, "The men don't like them. They call them stinkers." Some of the films produced by the board are all right, for educational purposes only.

Mr. CRUICKSHANK: Those are about the Liberals.

Mr. FRASER: Well, I am very liberal in my comment when I say some of them are all right; perhaps I should not have said that. This film board, with 748 employees, is using the money of the taxpayers. In opening my remarks I said some departments need to be fumigated, and certainly this is one. A few weeks ago in the committee on external affairs I said that in the film board the hat was passed around in order to obtain funds for the benefit of those accused of espionage. That statement was absolutely correct. I know money was collected there, despite what may be said by any official of that department. I know who collected the money. At the same time I had on the order paper a question in regard to a certain man, and asking if there were any known communists in the board. I am glad to say that since I placed that question on the order paper one man has been fired. There are many more who should be dealt with in the same way.

At six o'clock the house took recess.

After Recess

The house resumed at eight o'clock.

Mr. FRASER: Mr. Speaker, just before six o'clock recess I was talking about government extravagance and waste in the departments. I said that every cabinet minister should house-clean his department. I mentioned a number of departments and I shall give a few more examples of waste. War Assets Corporation is one outfit which I think should have a house-cleaning. Yesterday the hon. member for Lake Centre (Mr. Diefenbaker) mentioned that War Assets Corporation had 5,053 employees during the month of February, whose wages and salaries amounted to $723,600. This is July, just four months later, and I understand that now War Assets Corporation have over 7,000 employees. I have no chance of knowing what the total salaries and wages would be, but if we take the basis of 5,053 employees receiving $723,600 in salaries and wages the payroll to-day would be $1,100,000 or more.

On July 3 I wrote a letter to the Toronto regional office of War Assets Corporation. This is July 11 and I have no answer. I do not know what the office staff there is doing—it may be out looking for more employees—but I know I am only one of many who have written to War Assets Corporation and have not received an answer. You get the same word from all over the country. Many people in my riding tell me that it is useless to write to War Assets Corporation. One would think that with over 7,000 employees he would get an answer some time.

Some time ago I was told by the members of the board of education in one of the large cities in Canada that they had written War Assets Corporation asking for some equipment for their schools to replace equipment that had been used during the war for vocational training. Eventually they got an answer telling them to go to a certain factory which had a nine- or ten-inch lathe—I forget the exact size—which they could have. They went to this plant the next day and told the manager that they had a letter from War Assets Corporation in regard to this lathe and had come to look at it. The manager just laughed and said, "That lathe was sold for scrap over a week ago." The same board of education had a similar experience about six months later. They went to another plant at the request of War Assets Corporation and found that the piece of equipment they were interested in had also been sold for scrap.

The Canadian information service is another outfit that should have a house-cleaning. This outfit, along with the wartime information board, did more during the last few years to create a paper shortage than all the newspapers and publications across Canada. According to information given in the external affairs department standing committee 800,000 copies were published of one leaflet, a copy of which I hold in my hand.

This is entitled "World or war?" On the inside pages at the top is, "United nations organization". There are a number of illustrations. The first one, entitled, "Settle disputes", shows a policeman running with a baton in his hand trying to club somebody over the head. The next one is entitled "Suppress aggression", and it shows an iron heel stepping on a snake. The next one is entitled, "Develop friendly relations among nations", and it shows what is supposed to be a man with his arms around two others. No. 4 is entitled "Promote social progress", and this shows what looks like a schoolteacher teaching a class. No. 5 is entitled, "Solve international economic problems", and it shows a man without a face holding up the world. No. 6 is entitled, "Encourage respect for human rights", and it shows what looks like two men leading a drunk along the street. No. 7 is entitled, "Establish fundamental freedoms", and it shows what looks like a building at the top of a hill with a few men climbing up to the top.

Eight hundred thousand copies of that leaflet were turned out and distributed and that is only one of hundreds of different folders that those people put out. What the wartime information board costs to run per month I do not know, but for the months of October, November and December, 1945, the cost in salaries and wages alone for the Canadian information service was $66,371.54. Your guess is as good as mine as to what it cost for paper, printing and the editing of these publications. I have a list of the publications which I can read, but with your permission, sir, I should like to place it on *Hansard*. It is as follows:

1. Publications issued by Wartime Information Board and Canadian Information Service during 1945:

Daily—
Airmail Bulletin

Weekly—
Facts and Figures
Faits et chiffres
Features for Dailies
Pour la page Feminine
Field Reports
Home Front Bulletin
Radio Service
Communique de la Radio
Weekly Press Service
Communique hebdomadaire
Weekly Press Survey

Semi-monthly—
Canadian Foreign Language Press Survey
Nouvelles catholiques
Wartime Clips
Nouvelles de guerre
Monthly—
Canada at War
Canada en guerre
Canadian Churches and the War
Consumer Facts
Information aux consommateurs
Field Reports—monthly summary
Forum Findings
Labour Facts
Labour Facts—U.S. edition
Labour Facts—overseas edition
Communique Ouvriere
Labour Press Survey
Recent Poll Releases
Wallnews
Pour vous
Occasional—
Canada at War—Spanish
Canada and Civil Aviation
Communique—bi-weekly
Graphic Sheet Series
Postwar Planning
Renseignements sur les projets d'apres-guerre
Reference Papers
Pages documentaires
United Nations Charter
Chartre des nations unies
Your Neighbour, Canada

Publications issued by Wartime Information Board and Canadian Information Service during 1945 for DND (Information to Armed Forces) for distribution at home and abroad to armed forces—

Semi-monthly—
Canadian Affairs
Affaires canadiennes
Civvy Street News
Tenue de ville
Monthly—
Canada Digest
Canadian Affairs Pictorial
Panneau affaires canadiennes
Occasional—
Looking Ahead Series
Notre vie de demain
Welcome to War Brides

2. Publications issued by Canadian Information Service, January 1-May 31, 1946:

Daily—
Airmail Bulletin
Airmail Bulletin—Spanish
Weekly—
CIS Weekly
Press Survey
Monthly—
Recent Poll Releases
Occasional—
Canadian Cook Book for British Brides
Canada—Handbook for Mexican Book Fair
Reference Papers
Pages documentaires

Publications issued by Canadian Information Service, January 1-May 31, 1946, for Department of National Defence (Information to Armed Forces) (Publication ceased February 28, 1946)

Semi-monthly—
Canadian Affairs
Affaires canadiennes
Monthly—
Canada Digest
Canadian Affairs Pictorial
Panneau affaires canadiennes
Occasional—
Looking Ahead
Notre vie de demain.

Some few years ago I asked a question about the Department of Reconstruction and Supply; I asked what the daily releases of this department cost, and here is the answer I got:

No daily press releases are issued by the Department of Reconstruction and Supply but releases are issued, however, at irregular intervals whenever it is considered necessary to do so. As the preparation of these releases is only one of the many functions of the publicity branch, and as other branches are involved in the preparation and distribution, it is not readily possible to determine the exact cost.

Mr. ILSLEY: What was the document the hon. gentleman placed on *Hansard?*

Mr. FRASER: It was a list of the publications issued by the wartime information board and Canadian information service.

Mr. ILSLEY: I just want to point out that that would have to be with unanimous consent.

Mr. FRASER: I asked if I could put it on. If it is not with unanimous consent, I will not put it on the record.

Mr. ILSLEY: I am not objecting to this, but I am disturbed at the increasing tendency on the part of hon. members to hand in documents as part of their speeches. At some stage we shall have to draw the line.

Mr. FRASER: I am quite willing to read it, although it will take me five minutes or so. Is it all right to have it on?

Mr. ILSLEY: As far as I am concerned.

Mr. GRAYDON: This looks like a proper case.

Mr. ILSLEY: I have no objection to this, but we should draw the line somewhere.

Mr. GRAYDON: The government is the worst offender.

Mr. ILSLEY: That is a different matter.

Mr. GRAYDON: There is no difference.

Mr. ILSLEY: Yes, there is.

Mr. FRASER: I was talking about the reconstruction department and the answer that was given to me in regard to their releases. I might say that when these releases are not sent out the reconstruction department does not forget you. Here is a sealed envelope addressed to me by the Department of Reconstruction and Supply. You can hold

it up to the light and see that there is nothing in it. This is just one of many I have seen. I have checked up and found thirty-two others who during the past year have received envelopes of this kind.

Mr. ILSLEY: With nothing in them?

Mr. FRASER: There is nothing in them. I will send this envelope over to the minister, and if he finds anything in it my eyesight will have to be examined.

Mr. KNOWLES: Put it on *Hansard*.

Mr. ILSLEY: There is nothing in this envelope.

Mr. FRASER: I am glad the minister did not find anything in it. Somebody suggested that there might be a ten-dollar bill in it, but no such luck.

I have a number of other cases of extravagance which I could bring before the house, but my time is limited. I might mention the Department of Veterans Affairs. The Minister of Veterans Affairs (Mr. Mackenzie) is always very much interested in things of this kind. I do not know whether it is his department or the Department of Public Works that is responsible, but I would ask the minister, and he can answer at some future date, just what it cost the government to tear down a part of the main building at the new Sunnybrook hospital in order to put in an elevator, which was forgotten when the main plans were drawn. That perhaps comes under public works. I would also ask why the window sash in that building were not of kiln-dried lumber instead of green window sash? Many of the windows have had to have strips put on them in order to keep them in place. I do not know whether that comes under veterans affairs or public works.

Every cabinet minister evidently did not check his estimates for this year. If he did, he should recheck them, because in looking over all the estimates I find that there are only four departments which show a decrease. All the others have increases.

The office of the chief electoral officer has a decrease, because we are not likely to have an election this year. The Minister of Fisheries (Mr. Bridges), who is not in his place at the moment, is a new cabinet minister and as yet he has not apparently that extravagant feeling which the other cabinet ministers have. Perhaps, as Minister of Fisheries he has had an opportunity to see so many suckers that he does not want to make suckers out of the taxpayers. Public archives estimates are down about $3,000. Reconstruction and Supply on one ordinary estimate is down, but on another item this department is up by over $207,000,000. The other departments of the government that have increases in their estimates are:

	Increase
Health and Welfare	$63,221,407
Public Works	14,710,826
Agriculture	2,213,744
Civil Service Commission	63,000
External Affairs	751,482
Finance	93,557,460
Justice	365,383
Mines and Resources	4,856,623
National Revenue	2,758,866

That is the department that collects our taxes, and it wants $26,000,000 this year to run its own office.

	Increase
Privy Council office	$ 223,725
Royal Canadian Mounted Police	3,895,216

What is the reason for that increase for the Royal Canadian Mounted Police?

	Increase
Secretary of State	$ 128,580

As the Secretary of State (Mr. Martin) knows, that is not petty cash but hard-earned taxpayers' money.

	Increase
Trade and Commerce	$ 3,174,393
Transport	4,370,000
Veterans Affairs	13,039,949

Mr. MACKENZIE: Is the hon. member opposed to that increase for the Department of Veterans Affairs?

Mr. FRASER: It is the only department I would expect an increase in. Was the minister going to say something?

Mr. MACKENZIE: I was asking if the hon. member is opposed to that increase?

Mr. FRASER: No, I am not and if the minister would read my notes he would see that I have written down here, "This is the only department that I do not mind seeing an increase in."

There are only about three of the present cabinet ministers who really know anything at all about reducing taxes, because most of them have come in during the war and all they know is spending. They should take a few lessons in economy. In Canada we have only 12,000,000 people and we have $3 billion budgets.

Australia, according to the Australian *News Summary* of June 27, 1946, is cutting her income tax down this year by £37,000,000 or $120,290,000, and she is also cutting her indirect taxation to bring the total tax reductions down to something over £40,000,000, or $130,000,000.

Many times during this session and last session members of the cabinet have been getting up and praising themselves for keep-

ing prices down. Every time I hear them praise themselves for that, it reminds me of the story I heard some time ago of a woman who went down the street to shop. She was walking along when she came to a sign in a store window that said "Bananas, seven cents a pound." She went into the store and asked for five pounds of bananas. The storekeeper said, "Sorry, madam; we have no bananas to-day." So she went two blocks down the street and in another store window saw a sign "Bananas, twenty-seven cents a pound". She went into the store and asked the storekeeper, "Why are your bananas twenty-seven cents a pound when up the street they are only seven cents a pound?" The storekeeper asked her, "Why didn't you buy some at seven cents a pound?" The woman replied, "The storekeeper didn't have any." "Well, lady," the storekeeper said, "if I didn't have any bananas I, too, would sell them at seven cents a pound." That is how our cost of living index is based. It is based on what we have not instead of on what we have.

Mr. ILSLEY: That is not correct.

Mr. FRASER: The minister says that is not correct, but I have here from the dominion bureau of statistics a list of the items on which the cost of living is based. I will read the accompanying letter, which is dated June 28, 1946:

> I am pleased to enclose a mimeographed explanatory statement regarding dominion bureau of statistics cost of living index numbers. A complete list of items which are priced in connection with this series is included.
>
> Yours very truly,
>
> H. Marshall,
> Dominion Statistician.

I will read a few items from the list: Raisins, currants, prunes. Any housewife in Canada will tell you that they are almost impossible to get. Strawberry jam and marmalade. They are on the rationed list. Canned peaches. Has the minister had any canned peaches or canned fruit of any kind lately? I doubt it. You cannot buy it in the stores but it is on this list. That is what this cost of living is based on.

Mr. ILSLEY: What are the other items?

Mr. FRASER: I will give the rest. Coal. Try to get it. Electricity. The price of that has not gone up but there is an eight per cent tax on consumption. Topcoats for men. Try to get a topcoat. Suits for men—try to get one.

An hon. MEMBER: Shirts.

Mr. FRASER: There are no suits even for men who have priorities. The veterans have an extremely tough time to get any, and they wait for months. Socks. I wrote the minister about socks for children; it was last fall that I was inquiring about long socks for children six to twelve years of age. We had children in Peterborough who could not go to school because socks could not be bought in the stores. I was down the street the other day trying to buy a pair of socks for myself, and I was told that they were not to be had. An hon. member to my left mentioned shirts. On the list here they have "shirts, broadcloth"; that is nothing but a laugh, for broadcloth shirts cannot be had. We can get fancy sport shirts, but not white shirts or broadcloth shirts. Women's wear is up to at least double the price.

Of dairy products we have on this list milk, which is subsidized; butter, which is rationed; cheese, which is in very short supply. Then meats: a long list of meats is given, and at the bottom we have bacon. If you want half or a quarter pound of bacon, when you go to the butcher shop you have to get the butcher on the side and whisper to him, and if you are lucky and have done good business with him you may get half a pound, but you will get it only once in two or three weeks. Fish is four times the 1920 price. Lard, it is almost impossible to buy. We are told that we must cut the consumption of bread. Rice cannot be bought. Rolled oats have not gone up in price, the reason being, I believe, that they are made in Peterborough. Then follows granulated sugar and yellow sugar, which also are rationed. Canned tomatoes are on this list, and we may get tomatoes here in the parliamentary restaurant, but the ordinary housewife cannot buy them.

To-day Canada, instead of being a land of plenty, is a land of scarcity. Over the week-end two farmers called at my place asking where they could buy nails to help to build barns. The veterans cannot get nails to build their homes; and the homes which have been built for the veterans by the department are so expensive that the veterans are paying through the nose for them.

Mr. SINCLAIR (Vancouver North): Does the hon. member say that $23 a month is paying through the nose?

Mr. FRASER: If the hon. member would wait until I have finished he might not be in the mood to chirp up so quickly.

Mr. SINCLAIR (Vancouver North): A home for a veteran at $23 a month is very reasonable.

Mr. FRASER: Just a minute. On the Queensway project for the veterans the houses run $6,900 apiece.

Mr. SINCLAIR (Vancouver North): But they pay only $23 a month.

Mr. FRASER: Hang on to yourself a minute. The return I got when I received these figures stated that what the veteran had to pay was ten per cent of the $6,000 and everything over the $6,000, which would make his down payment $1,500.

Mr. MACKENZIE: How much a month?

Mr. FRASER: I am going by the figures given me by the department.

Mr. MACKENZIE: But how much a month is that over twenty-five years?

Mr. FRASER: That is not stated in this report. They just tell me what the veteran would have to pay for his home.

Mr. MACKENZIE: Does the hon. member know that what it is going to cost the veteran over the next twenty-five years is between $20 and $25 a month?

Mr. FRASER: How much a month?

Mr. MACKENZIE: Twenty dollars, with the additional grant. Tell me any country which has done better for the veteran. You do not know the first thing you are talking about.

Mr. SPEAKER: Order. The hon. member must not be interrupted without his permission.

Mr. FRASER: Will the minister tell me what the veteran is paying?

Mr. MACKENZIE: Yes, I will. It is costing the veteran from $20 to $25 a month over a period of twenty-five years, amortized at 3½ per cent interest.

Mr. SINCLAIR (Vancouver North): Can you get it any cheaper than that?

Mr. MACKENZIE: Then he owns his house.

Mr. FRASER: In the return I received from the Department of Veterans Affairs it is stated that if a veteran wants to buy a house he has to pay $1,500 down for a house, costing $6,900, for which in 1939 you would not have paid $2,500.

Mr. SINCLAIR (Vancouver North): Stick to the tobacco business. You know something about that.

Mr. ROSS (St. Paul's): You make your own speech.

Mr. FRASER: If the hon. member for Vancouver North (Mr. Sinclair) knows no more about his own affairs than he knows about mine, he does not know anything at all.

Mr. MacNICOL: Wouldn't he know enough to come in out of the rain?

Mr. SPEAKER: Order. The hon. member has already spoken for forty minutes.

Mr. MERRITT: On a point of order, Mr. Speaker, if hon. gentlemen opposite are going to interrupt a speaker all the time without rising in their seats, I suggest respectfully that you should follow the procedure adopted in a football game when a wrangle starts; that is, take time out for interruptions.

An hon. MEMBER: He had five minutes extra.

Mr. LIONEL BERTRAND (Terrebonne): Mr. Speaker, I do not propose to discuss the budget fully because I am not an expert in such matters. I should like, however, to express my own views as well as those of my constituents and to offer a few suggestions which, to my mind, are timely.

I have only a few comments to make on the budget. The tax reductions announced on June 27 by the Minister of Finance (Mr. Ilsley) have been greeted with pleasure. I must say frankly, however, that the people are disappointed because they will have to bear the present tax burden throughout 1946 and receive relief in 1947 only. Overwhelmed by the crushing load of taxes for five years, the public expected special consideration. I recognize that in order to meet its numerous commitments the government needs revenues. However, a great many persons are of the opinion that in both the national and international fields Canada is proceeding at too quick a pace. It is true that every Canadian wishes that his country should enjoy all the prestige which it deserves, but Canada's membership in every international organization, the large loans which she makes to other countries, her generosity, her entry into numerous new fields of endeavour, are costing the Canadian public millions of dollars. On the other hand, the public justly feel that Canada's needs must come first. It behooves the government, therefore, to ascertain immediately the expenditures which may be eliminated in order, first, to reduce taxes more substantially and, second, to pass for the benefit of the people certain measures the need of which is fully justified by new circumstances which have arisen.

People complained about the tax on soft drinks, and it should have been abolished or reduced. The same thing applies to the war tax on several commodities which, since we are at peace, are regarded as necessities. The government has deemed it advisable to impose a tax on cooperatives. I am glad, however,

that patronage dividends are deductible from taxable income. This will enable bona fide county or village agricultural cooperatives to survive and fulfil their mission. There is something about the income tax that seems quite abnormal to me. The taxpayer must file his income tax return by a set date, otherwise he is liable to a penalty. Everyone will admit that discipline is necessary. However, I feel that when a taxpayer makes a mistake in his return—and it is not easy to fill out the forms correctly—he should not be required by the income tax division to pay a penalty and interest in addition to his tax. The government compels the taxpayer to pay on time but does not make haste in refunding overpayments. In my constituency there are people who applied for refunds in 1944 and have not yet been paid. Will the government also pay the interest? Certainly not. What is sauce for the goose should be sauce for the gander. In my opinion such refunds should be made within the year and the people have a right to insist that this be done.

The discussion on the budget provides us with an opportunity for expressing personal opinions and making suggestions. I had hoped to state my views while the consideration of the estimates was progressing, but I think the session has lasted too long already, and therefore I will summarize those points in which I am particularly interested.

The Minister of National Health and Welfare (Mr. Claxton) said a few weeks ago that old age pensions would be increased. I commend this effort. Such is the cost of living now that the present allowance is inadequate to equip old people with the means of coping with the additional needs of existence. At the beginning of the session I moved a resolution asking for pensions for invalids and crippled people. The principle was approved by all parties in this house and I thank those hon. members who spoke on the question. The minister himself seemed to be in favour of this proposal. It should be kept in mind, and next year perhaps one may hope that a bill to this effect may be introduced. We have no right to abandon this unfortunate class of society when we are giving away millions to relieve the distress and misery of other nations.

The country as a whole has greatly benefited by the family allowances, but I wonder whether the government is giving sufficient consideration to large families. Very often the head of a family is paid high wages but he must support eight, ten or twelve children. According to his salary, he must return part of his allowances: 40 per cent, for instance, if he earns from $1,800 to $2,000, 50 per cent from $2,000 to $2,200, 60 per cent from $2,200 to $2,400, and so on up to $3,000. Would it not be fitting to consider one of these days the possibility of specifying for large families of a stated number of children or more, a recovery percentage fifty per cent lower than the present scale? This country would thus show special recognition of the large family, one of the most productive assets of a real nation.

My constituency is one of the most tourist-minded in the province. Renowned for its myriad lakes, the beauty of its forests, the grandeur of its landscape, Terrebonne county boasts hotels of international fame such as Gray Rocks inn, Mount Tremblant lodge, Pinoteau, Laurentide inn, La Sapinière, Le Domaine d'Estérel, Ste. Adèle Lodge, Alpine inn, Chalet Cochand, Chanteclere, Mont St. Gabriel, Nymark lodge, Hotel Lapointe, Hotel Maurice, to mention but a few.

The tourist publicity sponsored by the Laurentian resorts' association, which includes the above-mentioned hotels, has proved effective. Tourism is one of the country's chief industries, and it is proper to ask that appropriation for the dominion travel bureau be increased and that its advertising of this country abroad be intensified. I suggest that films should be used in order that such advertising should give the best results. Moreover, I consider that the dominion travel bureau should help bona fide associations like the Laurentian association to meet part of the cost of publicity carried out by means of booklets. I would even go farther and suggest that the national film board should produce in the tourist centres of the country films for distribution in the United States and elsewhere.

The cost of a film represents a fairly substantial sum, I admit, but the financial cooperation of tourist associations could be requested, if necessary. I know that a film taken in my mountains and divided into four equal parts corresponding with the various seasons would constitute a publicity medium from which the tourist industry in the whole Montreal district would greatly benefit.

May I suggest to the Minister of Public Works (Mr. Fournier) that the programme involving the construction of tourist roads, which was carried out before the war, should be resumed. That policy gave wonderful results. In this post-war period, when tourism is making an expansion which can only increase with the years, the construction of tourist highways would open up new districts to an industry whose returns represent hundreds of millions of dollars.

(Translation): Mr. Speaker, I have placed the following motion on the order paper:

In the opinion of this House, the Department of Public Works should, without delay, study and make plans for the deepening or cleaning of the Mille-Iles river, at five or six points and for limited distances and widths, between St. Eustache-sur-le-Lac and Ste. Rose, Rosemere, Pont-David.

All the hon. members of the Montreal district, and especially the hon. representative for Laval-Two Mountains (Mr. Lacombe), who spoke in favour of this project, the day before yesterday, know the picturesqueness of this river and are cognizant of the fact that thousands of Montreal families spend the summer there. Yachting is very popular on this watercourse; however, it is navigable on a stretch of 14 miles only, between Pont-David and St. Eustache-sur-le Lac. Between these two towns, the channel, although narrow in places, is deep enough to accommodate even the largest yachts. In about four or five places, limited dredging and cleaning operations should be carried out. But what is unfortunate is that the yachts sailing this part of the river cannot reach Two Mountains Lake and vice versa. At St. Eustache-sur-le-Lac, there are rapids only a few hundred feet long, which may be sailed at high water only.

The first job to be done would be to improve these rapids. The removal, in the winter time, of some large boulders, which are to be found there and the marking of the channel, however narrow it may be, would be sufficient to allow yachts cruising on lakes St. Louis and Two Mountains to go down Mille-Iles river as far as Pont-David and back again. The removal of the boulders would not affect in any way the water level on Two Mountains lake but would further develop the tourist trade in the immediate surroundings of Montreal.

The membership of the Thousand Islands Yachting Club runs into the hundreds. The club is planning to build special wharves, repair shops for yachts, service stations, etc. The development which would immediately follow in the wake of such undertakings, involving but little outlay of time and money, is readily apparent. First, a first-rate tourist industry; for workers of the locality and vicinity, hardest hit by the shutdown of war plants, a plentiful source of jobs: building hundreds of homes on the islands and on shore, putting up wharves, laying out gardens, lawns, etc. For the farmer, a new market for his produce.

I commend this project to the minister. I know of his devotion to any cause likely to add to the country's might and standing. I know that he will not balk at revamping his plans and at having his department look into this plan to which the hon. members for Montreal and vicinity cannot remain indifferent.

The announcement, confirmed by the Minister of National Defence (Mr. Abbott) that all Canadian servicemen now overseas, numbering about 14,000, will return "sometime before the end of the year" has been well received. I think they should have been brought back earlier. Then, too, Mr. Speaker, it is perhaps time that leniency be asked for the thousand odd deserters remaining in the country. Speaking in this house, early in the session, I suggested that a court be set up, in each military district, for reviewing cases of desertion on their merits.

All desertion cases are not caused by ill will or fear of danger. In many instances, they are based on excellent reasons which the parties concerned, while serving in the army, could not adequately explain, through timidity or for other motives. Other soldiers deserted because their application for farm or compassionate leave came up against the uncompromising attitude of certain senior officers who were die-hard fanatics; others because they were not given proper medical attention when they needed it; others still because their commanding officers refused to understand and to help them, or because the rebuff was tinged with an arrogance which hurt their pride. This is why it seems to me all these cases require special consideration and study. Circumstances must be taken into account. There have been deserters in my district; many rejoined their unit last summer and since then. Their cases have been straightened out. The same happened throughout the country. Detention camps, through the bad name they have acquired, prevented a large number of young men to abide by the law. This problem of deserters should be settled once and for all. More indulgence and consideration should be shown at this time to those who are held in detention or have rejoined their unit.

One hears of a permanent army. The international situation and our geographical position on the American continent might oblige us to maintain one. The military-minded could find a career in the permanent army which could only be organized on a voluntary basis. Compulsion, so hateful in war time, would become simply obnoxious in time of peace.

I have already stated in this house and I repeat that the government should sell or even hand over to private industry the war plants

which belong to the crown. The Bouchard munitions factory, operated by the D.I.L. during the war and now temporarily devoted to the needs of the army and the War Assets Corporation, is located in my riding. No final decision seems to have been reached concerning its permanent function. I am too well acquainted with the Minister of Reconstruction (Mr. Howe) to think that he would drop such an establishment as the Bouchard plant built at a cost of some $20 millions.

The Saint Jerome army camp will soon close down, and the municipality is interested in purchasing this property for industrial purposes. The minister has already viewed the request sympathetically, and for this, he deserves the highest commendation.

Now that the armed conflict has ended, the government should pay municipal taxes on state-owned wartime buildings. Since the outbreak of hostilities, the government has not expended any money in that direction. I ought to point out here that the municipalities where war plants were built played host to a surplus population of which a large majority has now settled permanently within their precincts. The municipalities were required to incur large capital expenditures and to expand especially their water and sewer systems. For this reason, they should receive grants which would be used to improve their municipal services. Such works are still needed; small towns, owing to an increase in population due solely to the war, were compelled to incur large expenditures in order to cope with new and unforeseen conditions.

I am of the opinion that the rents charged by Wartime Housing are too high and as war plants are now closed down, tenants can no longer pay such high rents for their houses. The government should soon announce its policy in regard to the purpose for which such residential centres will be used. Will the municipalities have a priority if the government decides to sell them? Will the government retain them? Will those houses be sold to private parties? It would be interesting to have answers to those questions.

Large areas of land were expropriated for the construction of war plants and especially for their protection. They are no longer in use and represent an idle capital. Would it not be advisable for the Allied War Supplies Corporation to make a survey of all such idle lands to ascertain whether it would not be in order to return them to their former owners?

[Mr. L. Bertrand.]

During the war, the government resorted to publicity in the press, both daily and weekly, to explain the laws and orders by summing them up. That was money well spent.

The war is over, but the laws are still as numerous. Post-war has imposed upon the government, and even upon parliament, very important decisions. Canada belongs to every international organization, but the people are not aware of their aims or purposes. During the war, the government informed the population by means of advertisements. Those of the wartime prices and trade board, for instance, were unique in this respect. All those advertisements served as information and guide for millions of readers. The newspaper is the best means of information. Our wartime information service should now become our peacetime information service. Such an organization could well explain the deeds of the nation and the laws of parliament by means of well-worded publicity, throughout the country, with the help of newspapers which are the best medium for that purpose. It has been proven that publicity is beneficial, even for a government. We should keep up the good work. I wish to make clearly known my position regarding the controversial question of a Canadian flag. I favour a flag, which will be entirely Canadian, that is a flag that will not borrow anything from the emblem of another country, no matter which one.

I feel that the matter should not be discussed from the standpoint of race, origin or history, but solely on the chief consideration that Canada, which has become a nation and is so recognized throughout the world, should have a flag of its own, symbolizing the ideals of all its component groups. A flag is chosen not for one year, but for centuries. I could never, as a member of this parliament, accept a flag of the presence thereon on account of a particular emblem, would leave upon the freedom I enjoy as a Canadian citizen the least trace of colonialism, and which would compel me to have even a partial liking for a symbol not fully consonant with the pride I have for my country.

Such are the remarks I wished to make. They indicate my views on the matters I have touched lightly. The budget announces some relief for the taxpayers after January 1st, 1947. Let us hope that the next budget will go farther in that respect. I should have hoped that more would be done for this year. I have received from my constituency hundreds of cards from people who claim that no tax should be levied on incomes lower than $3,000.

I am told that those cards were distributed by the Quebec section of the Social Credit party. I replied to none of them, because threats and intimidation—two things which I deeply abhor— were resorted to in the last paragraph. Many persons signed them without having read that last paragraph; they found out much later how they had been deceived. It remained to be seen whether the Social Credit members, in this budget debate, would make the same demand. The leader of the Social Credit party (Mr. Low) preferred to ask for an exemption of $2,000 instead of $3,000. That party advocates here dividends for the whole population, but its members carefully avoid to tell us how the necessary funds could be obtained. It is much easier to criticize, than to govern. In my quality of member for Terrebonne, I am merely endeavouring to do my duty, in trying to be logical and sincere, in endeavouring to help in every way the people who have elected me, and also in upholding the principles and the ideas they have at heart. I feel that I have not failed in the performance of that task.

(Text):

Mr. STANLEY KNOWLES (Winnipeg North Centre): Mr. Speaker, in his budget address on June 27 the Minister of Finance (Mr. Ilsley), speaking about personal income tax, as reported at page 2916 of *Hansard* had this to say:

> In revising a tax structure so complicated as our present one, it has not been possible to assure that all taxpayers will receive the same relative amount of tax relief.

Then follows this sentence:

> We have, however, tried to make the new schedule as fair and equitable as possible.

I rise to challenge that statement. I have no doubt the minister is convinced, certainly from his point of view, of the correctness of what he said; but we of the C.C.F. feel it is not true to say that the minister's income tax proposals are fair to those in the lower income brackets. That, indeed, is one of the main points of the subamendment which has been moved by this party, and having taken that stand ours is the responsibility of presenting facts and figures to substantiate our position. We contend that there is unfairness to those in the lower income brackets, in addition to the fact that there is no relief this year, on two main counts. The first has to do with the exemption levels, which have been set by the minister at $750 for a single person and $1,500 for a married person. We contend that these exemption levels are not high enough. Our second criticism on the ground of fairness has to do with anomalies in the rate structure and with various inequities to which I wish to draw attention as I proceed.

First, I should like to say a further word about the point at which the minister has set the exemption levels. In his budget address he recognized that there was a demand that those levels be set higher than he was prepared to agree to, and he proceeded to give his answers to those demands. The two main arguments he used were: first, the need of revenue, which he contended could be gained only by dipping into the brackets he proposes to continue taxing, and then he used the argument that one has to be fair between the $1,500 and $2,400 levels as well as between the $5,000 and $10,000 levels.

With respect to the argument that it is necessary to go down into the lower brackets in order to get sufficient revenue, the remarks I intend to make a little later, supported by statistics, will be my answer. I wish to say a word now about this other argument the minister used, which was made in the form of a plausible statement but one that does not stand up when examined closely. At page 2915 of *Hansard* the minister said:

> We cannot secure proper equity and fair treatment if the exemptions from income tax are so high as to exclude most of those receiving incomes.

Then came this sentence:

> It is just as important to be fair in the distribution of taxation between persons earning $1,500 and $2,400 a year respectively as it is between these persons and those earning $5,000 or $10,000 a year.

The way the minister put that, it sounds like the statement of a principle, almost a moral or universal principle; and when it is put in that language, it appears to carry weight. But the simplest way to test the supposed universality of that principle is to alter the figures. The minister would not have thought of rising in his place in this house and saying it is just as important to be fair in the distribution of taxation between persons earning $500 a year and $1,000 a year as between those earning $5,000 and $10,000 a year. In other words, this principle of equity between taxpayers does not apply right down to the taxpayers' last bottom dollar. It has to start at a certain arbitrary point that makes allowance for the basic cost of living. The minister admits that by setting the levels at $750 and $1,500; and our contention is that in arriving at that arbitrary point he has not given sufficient consideration to the cost of living in Canada at the present time. What I am objecting to is putting it on a basis of principle at the levels chosen by the minister

without first giving full recognition to the amount necessary to maintain a decent standard of living.

I now want to turn to the other criticism we make, namely that there are anomalies in the rate structure. In the course of what I have to say I shall deal also with the question of whether or not sufficient revenue could be obtained without going down into the lower brackets. In passing, I desire to say that in arguing clearly within the confines of income tax legislation to-night, I do not want to be taken as admitting that this is the only way to balance a budget. My principal dislike of the financial position of the country at the present time is the more than $430 million a year we must set aside to pay interest on the national debt. This group has contended right along that what we basically need is the nationalization of our financial structure. At the moment we have not that and we have to deal with the kind of budget that is before us, so I shall talk in those terms.

Let us look at the rate structure which the minister has brought down and which he says he has tried to make as fair and equitable as possible. I hope that the courtesy granted from time to time to hon. members to place certain material on *Hansard* has not been exhausted by the previous speakers, because I have four tables which I have prepared and which I should like to place on the record. I suggest, Mr. Speaker, that perhaps you might wait until I have described these before you ask the house whether or not unanimous consent is given to place them on *Hansard*. I may say that three of them are prepared from the two tables which the minister placed on *Hansard* at pages 2916 and 2917. The source of the fourth one I will indicate when I come to it.

The first table I have entitled, "Net increase in amount of income retained by taxpayers after payment of 1947 income tax as compared with 1945 and 1946." After all, that is what impresses itself upon the Canadian taxpayer, how much greater will be his "take-home pay" as a result of the application of this budget, compared with what it is at the present time. I have listed the income ranges from $1,300 a year to $200,000 a year. Opposite these I have three columns, one headed "single person," the next "married person with no children," and the next, "married person with two children." Those are the categories of which the minister gave examples in his tables.

Under these headings I have put the amount of the net gain realized by, or the net relief afforded to, these various taxpayers. When one looks at this table set out in that manner he will see some rather interesting things. First of all, it becomes obvious that the greater a person's income, the greater will be the increase he will enjoy after the new budget comes into effect. I know that to many hon. members and to some people outside the house the principle has been accepted so long as to have become sacred that to those who have an abundance more should be given than to those who are in the lower brackets and are in real need.

But bearing in mind the lofty principles advocated by this government, such as when it introduced family allowances and when it placed its social security measures before the dominion-provincial conference, it seems to me that more consideration ought to be given to the net position of the people of Canada than is given by the income tax revision in this budget. In addition, one discovers from looking at this table that in a number of cases all the way from $1,500 to $4,000 a year the married person without children receives a greater increase in "take-home pay" or is afforded greater taxation relief than the married person with two children. I have mentioned this to a number of my colleagues. It is so incredible they have felt that I must be wrong, but the figures speak for themselves.

In addition to that, there are a number of instances, at the $1,300 level and all the way up from $5,000 to $200,000, where the single person is afforded greater relief and gets a greater increase in "take-home pay" than anybody else, than the married person without children or the married person with two children. In the face of a situation like that, I did not feel that I could let the minister's statement go unchallenged, although I know he believes it, when he says that he regards this schedule as fair and equitable.

I admit that it is fair to one group, namely, the 550,000 who have been taken off the income tax rolls, but what a shame to have to admit that there are that many people in this country who, if single, are earning only between $660 and $750 a year or, if married, between $1,200 and $1,500 a year.

I move on to the second and third tables which I should like to give to the house. These two are made up from the two tables that the minister gave on the pages I have indicated. My headings on these are, "Amounts by which income tax payable is increased at each level over that payable at a base of $750" for a single person, and "Amounts by which net income tax payable is increased at each level over that payable at a base of $1,500," for a married person with two children. The reason I have worked out these tables is that in considering my first table the minister might

say that the anomalies found therein are due to an attempt to correct previous wrongs. So I thought I would look at the rate of increase in the new structure. It will be perfectly clear to hon. members when they look at these tables that the grading up of the rates was steeper under the old system than it will be under the new. In other words, the rate of increase has been slightly levelled off, whereas we contend that as you get up into the higher brackets, the grading should become more and more steep.

My fourth table is made up from figures given by the Minister of Finance but they do not appear in the two tables to which I have referred. This is entitled, "Comparison of rates of income taxation on taxable income in the nearest comparable brackets as between 1941 and 1947." What I have done in this table is to set down in the 1947 column the rates that apply on taxable income according to the budget now before us. In the 1941 column I have set down the rates that applied on taxable income in that year.

My reasons for selecting 1941 to compare with 1947 are several, but the main one is that it was the only year with which one could make an exact comparison because in the years in between we did not have the $750 and $1,500 exemption level. Instead, we had a $660 exemption level, and then allowances were given by deductions from the tax payable for a wife or children. We are now back to a basis which is comparable with that of 1941. The only difference is that in 1941 we had two taxes, the graduated tax and the national defence tax. I have added the average amount of the national defence tax payable in 1941, namely, 3½ per cent, to each of the rates in the different brackets.

An interesting thing that develops from this table is that in the brackets from zero up to $3,000 of taxable income, the rates in 1947 are greater in all cases than were the rates in 1941. For example, in 1941 the rate for the first $1,000 was 18½ per cent. It is now 22 per cent for the first $250, and 25 per cent for the remainder of the first $1,000. So it goes right on up to $3,000; the rate to be applied under the new budget in each case in these lower brackets is greater than it was in 1941. But from $3,000 to $30,000 the rates to be applied in 1947 are in all cases less than those that were applied in the year 1941.

The picture changes slightly between $30,000 to somewhere around $100,000 to $150,000, but in the topmost bracket the rate will again be less in 1947 than it was in 1941.

I might add that 1941 was not the year of the highest income tax rates. I chose that year for the reasons I have already given. Actually it was 1943 that we reached our peak in income tax rates. They went higher in that year for all the brackets, both the lower and the higher. When one compares the rates in 1943 with those in 1947, the brackets from $30,000 up are afforded substantial relief, namely, 17 per cent. For example, the rate was 77 per cent on incomes between $30,000 and $50,000 in 1943, and it is now 60 per cent.

I have worked out the table and presented those figures to the house for two reasons: first of all, to show that the budget proposals now before us afford much greater relief for those in the higher brackets than they do for those in the lower brackets. My other reason for presenting those figures is to support the statement I made when I first rose to my feet; namely, that the minister cannot claim that he is unable to get sufficient revenue without dipping into the lower brackets the way he does in this budget so long as he gives this kind of relief to those in the upper income brackets. If he were really interested in seeing that an adequate minimum amount was free from taxation he should first of all have maintained or even increased the rates on the upper brackets, and only after he had done that would he have any right to dip down as he has done into the lower brackets.

Another reply that might be made by the minister could be that the 1941 rates to which I have referred did not produce in that year the amount of revenue he now needs. I have looked into that, and I find that compared with the gross national product of that year, the total amount of revenue that was obtained from those rates in the fiscal year 1941-42 was not far out proportionately from the revenue that he expects in a full year under these new rates. So I suggest to the minister, accepting the challenge that we who claim that the exemption levels should be higher should have some concrete suggestions to make, not that the sales tax should be extended as was proposed by an hon. gentleman to my right the other night, but that the exemption levels should be raised to $1,000 and $2,000 respectively; that the rates between $2,000 and $3,000 could have been slightly lowered, and that the rates between, say $3,000 and $15,000 or $20,000 might have been left where they were, but that from $20,000 up the rates should have been restored to what they were in 1943. Only after that, if a mathematical computation showed a deficit in the revenue required from personal income taxes, should the minister have thought of going as he has done into the lower brackets.

Mr. ILSLEY: To raise the rates above $20,000 produces surprisingly little revenue, if that is what the hon. gentleman is talking about. Mind you, I am not saying that that is the sole consideration. The sole consideration should be fairness. Comparisons with 1943 and 1941 prove nothing; even with 1946 and 1945 comparisons prove nothing. The question is whether the present tax rate structure is a fair progressive tax rate structure as compared with other income tax rate structures. An examination will show that it is. It shows an even progression all the way up.

Mr. KNOWLES: It shows an even progression but it is a progression not as steep as we had before. And if levelling out that progression as the minister has done makes it necessary for him to impose the taxes on the lower brackets that he has done, I say it is not fair and equitable.

Mr. ILSLEY: Well, I see your argument.

Mr. KNOWLES: It strikes me that what has happened is this, that in the war years the minister got those in the lower income tax brackets into the way of paying these heavier taxes and there is not now a disposition to let them go.

Before I turn to another phase of the budget, Mr. Speaker, have I permission to put these tables on *Hansard*?

The ACTING SPEAKER (Mr. Golding): Has the hon. member permission to put these tables on *Hansard*?

Mr. HOMUTH: If they are correct, it is all right.

The ACTING SPEAKER (Mr. Golding): The hon. member must have unanimous consent.

Mr. ILSLEY: I shall not raise any objection. But of course there is no admission as to their correctness if we allow them to be put on. If they are incorrect, then, if there is time and opportunity they will have to be answered.

Mr. KNOWLES: I will vouch for the correctness of these tables. Actually a member would be pretty foolish to try to put incorrect tables on *Hansard*.

Mr. HOMUTH: A lot of incorrect things have been put on *Hansard*.

Mr. ILSLEY: Hear, hear.

[Mr. Knowles.]

Mr. COLDWELL: Mr. Speaker, another hon. member to my right was given unanimous consent this evening to put something on *Hansard* and I think we might extend the same courtesy to my colleague.

The ACTING SPEAKER (Mr. Golding): Has the hon. member unanimous consent?

Some hon. MEMBERS: Agreed.

Mr. KNOWLES: Thank you. The tables are as follows:

Net Increase in Amount of Income Retained by Taxpayers After Payment of 1947 Income Taxes as Compared with 1945 and 1946

Income	Single Person	Married Person with no Children	Married Person with two Children†
$ 1,300	$ 51*	$ 31	$ 14
1,500	28	84*	42
2,000	57	76*	73
2,500	73	134*	83
3,000	99	108*	76
4,000	174	247*	98
5,000	246*	185	225
7,500	437*	324	328
10,000	584*	437	308
20,000	1,364*	1,146	1,051
30,000	2,053*	1,667	1,571
50,000	3,228*	450	2,458
75,000	4,438*	524	3,343
100,000	5,467*	525	3,953
200,000	6,335*	1,400	3,235

*Indicates greatest amount of relief afforded at each level.

†Figures in this column include family allowance payments of $144 a year in all cases.

Amounts by which Income Tax Payable is Increased at Each Level over that Payable at a Base of $750

	Single Person	
Income	Under 1945 and 1946 Rates	Under 1947 Rates
	Tax Payable at this level used as a Base	Tax Payable at this level used as a Base
$ 750		
1,000	$ 52	$ 55
1,250	115	118
1,500	183	180
2,000	345	313
2,500	501	453
3,000	667	593
4,000	1,045	896
5,000	1,427	1,206
7,500	2,470	2,058
10,000	3,597	3,038
20,000	9,239	7,900
30,000	15,428	13,400
50,000	29,294	26,091
75,000	47,928	43,515
100,000	67,458	62,016
200,000	149,751	143,441

Amounts by Which Net Income Tax Payable is Increased at Each Level over that at a Base of $1,500

Married Person with Two Children

Income	Under 1945 and 1946 Rates: Tax Payable at this level used as a Base	Under 1947 Rates: Tax Payable at this level used as a Base
$ 1,500		
1,750	$ 38	$ 11
2,000	99	68
2,250	174	130
2,500	234	193
2,750	296	227
3,000	361	327
4,000	663	607
5,000	994	911
7,500	1,911	1,725
10,000	2,913	2,647
20,000	8,387	7,378
30,000	14,407	12,878
50,000	27,937	25,521
100,000	65,262	61,351
200,000	145,874	142,681

old age pensions, in health insurance, in full employment, in housing and other much needed projects. Those of us on this side who in the past have spoken of these things and criticized the government for its failure to provide them now find that we do not have to raise the standards by which to compare what the government has done; rather the government stands condemned by its own standards. The government has thrown these ideas out to the Canadian people and given them the hope that these things would be realized in the not far distant future. I remember very well last year getting into a bit of a discussion with the Minister of National Health and Welfare (Mr. Claxton) when I was speaking on old age pensions. He felt I was taunting him unduly when I asked why the increase in old age pensions seemed to be slated for 1948 according to the figures

Comparison of Rates of Income Taxation on Taxable Income in Nearest Comparable Brackets, as Between 1941 and 1947.

1941	1947
0—$ 1,000 ... 18½%	0—$ 250 ... 22% $ 250—$ 1,000 ... 25%
$ 1,000—$ 2,000 ... 23½%	$ 1,000—$ 2,500 ... 28%
$ 2,000—$ 3,000 ... 28½%	$ 2,500—$ 3,000 ... 31%
$ 3,000—$ 5,000 ... 33½%	$ 3,000—$ 4,500 ... 31%
$ 5,000—$ 6,000 ... 39½% $ 6,000—$ 7,000 ... 41½%	$ 4,500—$ 6,500 ... 34%
$ 7,000—$ 8,000 ... 43½%	$ 6,500—$ 8,500 ... 38%
$ 8,000—$ 9,000 ... 45½% $ 9,000—$10,000 ... 47½%	$ 8,500—$10,500 ... 42%
$10,000—$15,000 ... 50½%	$10,500—$13,000 ... 46%
$15,000—$20,000 ... 53½%	$13,000—$18,000 ... 50%
$20,000—$30,000 ... 56½%	$18,000—$30,000 ... 55%

I now wish to deal with another phase of the matter. There is great disappointment with this budget, principally because it is not a human document. It does not deal with the things that people in this country are really interested in and really need. The government knows what those things are. As a matter of fact it is on record in the proposals that were made to the dominion-provincial conference. The people of this country are interested in social security, in adequate

given in the documents presented to the dominion-provincial conference. I even went so far as to ask whether that meant we might look for an election in 1948. The minister did not like that suggestion, and came back at me with the definite statement that these increases in old age pensions would come into effect just as soon as the provinces would agree to the government's proposals. The whole tone of the minister's remarks on that occasion and last year indicated that there was an interest

on the part of the government in going ahead with these things, and the people of Canada thought these measures were imminent. But now, with the failure of the dominion-provincial conference, the proposed increase in old age pensions and other social legislation are referred to by the minister in the past tense.

This country is not satisfied to let the government use the failure of the dominion-provincial conference as an excuse. There is almost a feeling that maybe they are glad they did not have to find the money to carry out these social services. I know, for example, that two of the provinces—my own province of Manitoba and Saskatchewan—in agreeing to the government's revised proposals as laid down in the minister's budget, have indicated, along with their acceptance of the proposals, their disappointment. I do not wonder they are disappointed. Look at my own province, for example. Under the proposals which were made last August for an additional expenditure throughout Canada by the federal government of $733 million, the people of Manitoba, on the basis of what our population is in the country as a whole, would have benefited to the extent of approximately $45 million. But under the proposal made by the minister the other night Manitoba's receipts will be only $11·8 million, although the province will have to give up everything it was asked to give up last fall. That amount is more than the government of Manitoba is receiving at the present time from the same sources; it is a good deal for the government as far as balancing its budget is concerned, and the premier of Manitoba says, in his statement to-day, that they have come to the conclusion that such an agreement is better than no agreement at all. But for the people of Manitoba and of Saskatchewan there is the loss of these other things which were provided for in the proposals made to the dominion-provincial conference. It does seem to me that the least the government might do would be to make an offer along the lines of increased old age pensions, health insurance and these other matters to the provinces which are prepared to enter into these agreements. The idea of penalizing all the people of Canada, of depriving them of the things which they have looked forward to, because of the failure of that conference, somehow just does not go down with the people of this country.

The minister said the other night in the peroration of his speech as reported in *Hansard* at page 2925:

> We Canadians can achieve great objectives if we can agree among ourselves upon those objectives and devote our energies to reaching them. That is clearly shown by what happened in the war.

[Mr. Knowles.]

The Canadian people believe that we are capable of producing an increased quantity of goods and services, on the basis of which we can raise our standard of living and give our people some real sense of security. But this government is giving no leadership in that direction.

I come back to this question of old age pensions. I think on that score alone the government of this country missed a tremendous opportunity to give our people some real sense of security, some definite feeling of hope and confidence about the future, and that its failure on that score is indeed lamentable.

I might say a good many other things critical of this budget if my time permitted, but I see it is fast going. So before I sit down I want to add that, with all the criticisms which the people of Canada are offering about this budget, it could have been worse. If anyone doubts that, all one has to do is to listen to the suggestions which have been made to the government by hon. members of the Progressive Conservative party.

Mr. MacNICOL: They would improve it.

Mr. KNOWLES: I do not doubt that my hon. friends think they would improve the situation from their point of view. But here are some of the things which have been suggested: higher interest rates, a reduction of corporation taxes, reduction or elimination of the excess profits tax. There has been a campaign for decontrol, which, no matter how you word it or how you try to dress it up, means in the long run imposing burdens upon the ordinary working people of this country, but assistance has been asked for gold mining.

Mr. GRAYDON: Would my hon. friend permit a question?

Mr. KNOWLES: Certainly.

Mr. GRAYDON: Is it not true that your party in Great Britain has abolished the excess profits tax?

An hon. MEMBER: Don't compare the Labour party in Great Britain with the C.C.F.

Mr. KNOWLES: The Labour party in Great Britain has already nationalized the Bank of England and a number of important industries.

Mr. HOMUTH: Oh, but have they taken off the excess profits tax?

Mr. KNOWLES: Yes, and are giving to the people of that country some real hope for the future—

Mr. HOMUTH: That is rather doubtful. The next election will show that.

Mr. KNOWLES: —which is what counts and which my hon. friend's party would not offer to the people of this country. I was surprised at the suggestion of the hon. member for Rosedale (Mr. Jackman) that there should be a wider use of the sales tax. That was the most striking Tory suggestion. After all, the sales tax does not impinge according to ability to pay at all. It takes from the low-paid man just as much on what he buys as it takes from the rich. So I suggest that, bad as this budget is, it could have been worse if—

An hon. MEMBER: If you had been in power.

Mr. KNOWLES: —if the minister had taken advice from my hon. friends of the Tory party. The fact is that the bankruptcy of both the old parties in this house is evident. They talk in terms of leadership of the country and of the great future we must have on the basis of what we have done in the past. But budgets of the kind the minister has presented, and suggestions such as those of my hon. friends to the right, simply indicate to the people of this country that there is no hope either way.

An hon. MEMBER: Your way is a dictatorship.

Mr. KNOWLES: Nonsense. I am not one of those who stand here and glibly say that that means that overnight the people of Canada are going to turn to this party.

Mr. HOMUTH: Oh, no; never, never.

Mr. ROSS (Souris): You will not live long enough to see it.

Mr. KNOWLES: But, Mr. Speaker, my hon. friends of both the old parties—whistling as they are to keep up their courage—know that, step by step, the realization is dawning in the minds of the Canadian people that their only hope lies in their taking control of things themselves, in the full meaning of democracy.

An hon. MEMBER: The very thing that wrecked Europe.

Mr. KNOWLES: More nonsense.

Mr. ILSLEY: Perhaps this is not a relevant question. Would my hon. friend express an opinion as to whether this budget is not a more liberal budget in the broad sense of the term—with a small "l" so that we will not raise any argument—than the budget in Great Britain, with a $490 exemption and an abolition of the excess profits tax?

Mr. KNOWLES: No, I do not agree that it is a more liberal budget.

Mr. ILSLEY: And no distinction between cooperatives and other corporations in the matter of taxation.

Mr. KNOWLES: I am not sure that the minister is correct about the latter, but I will not argue the point.

Mr. ILSLEY: Then leave that out, but consider the other two. I ask my hon. friend, when he is denouncing this budget, if he does not think it is a more liberal budget, in the broad sense of the word "liberal", than is theirs?

Mr. KNOWLES: Keep the "l" small, and it is a fair question.

An hon. MEMBER: They nationalized the banking system.

Mr. ILSLEY: Someone speaks of the nationalization of the bank. We nationalized ours nearly ten years ago.

Mr. KNOWLES: The budget has to be taken in the total context of the nation's economy, and in the total context of the economy of the United Kingdom there are provisions for social security from the cradle to the grave which are now in effect and the beginnings of a programme of nationalization—

Mr. HOMUTH: Socialization.

Mr. KNOWLES: Yes, socialization.

Mr. HOMUTH: At last you have admitted it. You have been denying it for years.

Mr. KNOWLES: I came into this party years ago because I was a socialist. That is why I am here to-day.

Mr. HOMUTH: You got into the right crowd, though you have been denying it for years.

Mr. KNOWLES: And that programme of socialization to which I have referred is one which affords a future of hope to the people of the United Kingdom.

Mr. ILSLEY: You think there is no hope here?

Mr. KNOWLES: Not as much as there is over there; not yet, at any rate. As a matter of fact, a good many young Canadians are going back to England, for despite the severity of conditions—

Mr. HOMUTH: And a lot of Englishmen would like to come out here.

Mr. KNOWLES: —they have found the atmosphere over there so acceptable; and, after all, that is what counts—the total picture. And so, Mr. Speaker—

Mr. HOMUTH: Give him an extra thirty minutes and he will be in deep water.

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

Some hon. MEMBERS: Go ahead.

Mr. KNOWLES: No; I am not asking for any more time, Mr. Speaker. I am prepared to rest my case with the answers I have made to the questions of the Minister of Finance. This budget, in its total context, is a disappointment.

Mr. W. F. KUHL (Jasper-Edson): I realize that we are still in an emergency period and I realize as well as any member of the house that so long as that emergency exists we cannot expect the standard of living that we should otherwise expect. We cannot expect it so long as there are multitudes of starving people in the world, so long as there are many without the essentials of life. It would be inhumanitarian of us to expect a high standard of living for ourselves before we have at least made our contribution toward raising the living standard of those people. Despite that fact, now is the time that we ought to be laying down long-range objectives for the time when the emergency is over, and that is my greatest concern. That is why I wish to choose, as the cue for my remarks, the concluding words of the Minister of Finance (Mr. Ilsley), which were also quoted by the hon. member who preceded me. Personally, I consider those particular remarks of the Minister of Finance just about the most important in his whole budget speech. I do not know that it is necessary for me to quote the whole thing. I will read one paragraph in which he says:

> We Canadians can achieve great objectives if we can agree among ourselves upon those objectives and devote our energies to reaching them. That is clearly shown by what happened in the war. Now that the war is over, we have an opportunity to select and to achieve objectives just as challenging, just as exciting as those of war, but of a constructive and progressive nature. I believe that the Canadian people, if properly informed, are prepared to agree, by and large, upon great peace-time objectives and to devote to their attainment something of the same spirit and energy which made our war achievements possible. It is the duty of all of us in government, in business, in labour, in agriculture, to do all that we can now to make possible that agreement upon ends and upon means which will enable Canada in peace to be worthy of the record of Canadians at war.

I think that is an important statement, and I shall confine my remarks on this occasion to a consideration of objectives toward which we should strive once we are through the emergency period, as well as the means whereby we may attempt to attain those objectives.

We heard a great deal a few years ago, as we came to the conclusion of the war, about the new order, a new heaven and a new earth. The only comment I care to make in that respect is that if this budget or the nature of it is to be a sample of the new order, I would characterize it not as a heaven on earth but as a hell on earth. In considering objectives and means of attaining them for the future, I should like to pose a few questions. If we are to have this much-vaunted new earth, this new order, does it mean necessarily that we must throw overboard the whole of the old order, or is it possible that there are things that we ought to preserve from the old order?

Perhaps there are things that we should eliminate from the old order, and perhaps there are things we should add to make the order work as nearly close to perfection as any human institutions can be made to work. I will attempt to answer these questions. What is it that we wish to preserve of the old system? I realize, immediately I make such a remark, that I shall come into conflict with my hon. friends to the right, in the C.C.F. party, but I wish to assure them that anything I may say by way of criticism of them is not intended to be personal. I consider they are fine fellows personally, likable fellows, but unfortunately I must take decided issue with the policies they support. Therefore in discussing the question as to what we should preserve of the old system, I wish them to understand that it is with the policies they advocate that I am taking issue. It is far beyond a personal matter.

During the course of this debate so far almost every member of the C.C.F. party who has spoken, including the hon. gentleman who preceded me, has stated that private enterprise as such is through. I wish to take emphatic issue with that statement and to assert that private enterprise as a principle is as sound as the rock of Gibraltar. The reason, as I have said on many previous occasions, that hon. members of the C.C.F., as well as communists, condemn private enterprise is that they hold it responsible for things for which it should not be held responsible. I say the C.C.F., and all those who condemn private enterprise, are charging it falsely.

What do they say? One of the first things they say is that private enterprise has failed because it does not and has not provided employment. How many times have we heard that stated, in parliament and out of it? We hear the statement made that private enterprise has failed, because it does not provide employment. I say that is a false charge, because private enterprise is not responsible

for employment, and should not be held responsible for it. I shall deal at greater length with that point in a few minutes.

Again, our socialist friends say that private enterprise has failed, because it has not effected a distribution of the national wealth and the products of industry. Again I say that is a false charge, because private enterprise is not responsible for distribution and cannot be held responsible for it. Therefore I say that is false charge No. 2.

Again, our C.C.F. friends assert that private enterprise has failed, because it refuses to develop natural resources. Well, certainly if conditions in the pre-war years are indicative of what can be done under a system of private enterprise then no one with reason can assert that there was no development of our natural resources. The country was flooded with goods; everyone was complaining about overproduction; the warehouses and storehouses of our country, from one end to the other, were stocked with goods. Plant equipment was running at half capacity, and even less. Surely there was no indication at that time of a refusal to develop resources. I say that, too, is a false charge.

The socialists claim that private enterprise refuses to plan. Again I say that is a false charge, for observation must indicate to anyone that the method of producing goods on this continent, including Canada and the United States, is equal to and perhaps in many respects is superior to the method of production anywhere else in the world.

So I say, Mr. Speaker, that all these charges against private enterprise are false. I consider that one of the strongest reasons that can be advanced as to why the principle of private enterprise is sound lies in the fact that every citizen in this country wishes to exercise that principle for himself. That includes even our friends of the C.C.F. They, themselves, privately and personally, are private enterprisers. They own their own farms and they own their own businesses; they are private enterprisers at heart.

The greatest argument in favour of private enterprise is the fact that each and every one of us privately and personally, in his heart of hearts, is a private enterpriser. We desire the principle of ownership for ourselves; we desire to own our own property, our own business and our own affairs, in our own way, without any interference from the state.

As I have said on previous occasions to my hon. friends in the C.C.F., I consider that aspect of their policy the one deserving of greatest condemnation. As I have said several times before, they follow the policy of making fish of one and fowl of another. On the one hand they condemn profit and the profit motive, private enterprise and private ownership; and yet, so far as their policy is concerned, on the other hand they propose to leave part of the community operating under private enterprise and propose to nationalize or socialize another section of it.

As I have said previously, consistency is the test of any policy. If the profit motive is wrong in principle, if the making of profits is a wrong procedure, then surely it must be wrong for everyone in the community. How can they be right for some merchants, just because they happen to be small businessmen, and wrong for others? I say that glaring inconsistency should arouse the suspicions of the people.

Mr. ZAPLITNY: Does the hon. member's party say that everything should be privately owned? Is that his argument?

Mr. KUHL: Personally I would not see any harm in that being so.

Mr. ZAPLITNY: Everything?

Mr. KUHL: I do not think ownership of production of anything has anything to do with the distribution of the product. I am not saying, for instance, that if the Social Credit party were charged with the responsibility of forming an administration it would turn the Canadian National Railways over to private ownership. I am not saying that, at all.

Mr. ZAPLITNY: To be consistent, the hon. member would have to say that.

Mr. KUHL: Well, I personally would be prepared to do it, perhaps.

Mr. BRYCE: Would the hon. member be prepared to hand over the post office?

Mr. KUHL: Of course we would get into an argument as to what constitutes a public utility. In that particular, one could draw a line anywhere he wished, as he wished to define it. My hon. friends want to go a good deal farther than the post office. They would want to go right down into the production of boots and shoes, and things of that kind.

Mr. HANSELL: They want money enough to ride on the railways.

Mr. KUHL: So far as nationalization is concerned, what difference does it make whether or not the government owns a business? The Canadian National Railways are publicly owned; but one cannot ride on those railways free of charge, any more than he can on the Canadian Pacific. Nor can one

ride free on Trans-Canada Air Lines. If one may judge from what my hon. friends contend, it must follow that because things are nationalized we would get those services a good deal cheaper, and perhaps even free of charge. But there is no indication of that at the present time. Then, so far as effectiveness of administration is concerned, I contend that private administration is infinitely better than public.

At this point I should like to elaborate briefly on what I have described as false charges, the first of which was that private enterprise has failed, because it does not provide employment. I hesitate to repeat many of the things I have said on previous occasions; but despite the fact that I have repeated myself hon. members continue to say that the purpose of private enterprise is to provide jobs. As I have said before, so long as they are going to insist upon that statement, I shall continue to insist that that is not the purpose of private enterprise. I have already said that the charge that it does not provide jobs is a false one, because it is not responsible for employment. That is where our Liberal and Conservative friends fall into the socialist trap. They assume on behalf of private enterprise the obligation to provide jobs; and they know right well it cannot be done, that private enterprise cannot absorb all the people of the nation to the extent of eight hours a day or more. Surely they must know that from past experience. Yet they accept that responsibility; and when the C.C.F. come along and say, "Well, look what happened in the days before the war; we had private enterprise and look at the unemployment," my hon. friends of the Conservative and Liberal parties have no answer; they simply sit there and take it. They should have an answer, but they never will until they have the social credit answer, which is that private enterprise is not responsible for employment. The only function and purpose of industry is to produce goods, whether it takes few or many man-hours.

The other day I placed on record a quotation with respect to objectives, on this subject. I am going to do so again, and I am going to continue to do so until the thought penetrates the understanding of hon. members. I am going to quote Major Douglas once more.

Mr. CAMPBELL: Who is he?

Mr. KUHL: Major Douglas is a man who has concentrated more thought, more intelligence, more vision and more realism in one sentence than the hon. member has in all the speeches he has ever delivered. In his book entitled "Monopoly of Credit", Major Douglas has this to say on the subject of industry and employment, at page 116:

> In attacking an engineering problem the first point we settle, with as much exactness as possible, is our objective. No engineer observer of the discussions which take place in political and lay circles on the industrial problems of the present day can fail to be struck with the fact that the problem itself is rarely stated with any clearness. For instance, the paramount difficulty of the industrial system is commonly expressed as that of unemployment. Therefore the suggestion involved is that the industrial system exists to provide employment, and fails. Those who are engaged in the actual conduct of industry, however, are specifically concerned to obtain a given output with a minimum of employment, and in fact, a decreasing amount of employment. Consequently, those who are talking about industry and those who are conducting industry have in their minds objectives which are diametrically opposed and incompatible.

In view of what the Minister of Finance has said about agreeing on objectives, I think this is one statement on which he should meditate seriously. As I said only a few days ago in accordance with this statement, we are presuming to attempt to go in two opposite directions at the same time on this subject of employment. On the one hand, we do everything possible to encourage the substitution of more and more power machinery, better machinery, more efficient machinery, and before long we are going to use atomic energy. On the one hand, we are doing everything we can to displace the man-hours of work, and we have achieved a great deal in that respect in a very few years. Yet on the other hand, what do we find? People continually suggest and urge that we must put people to work. On the one hand, we are putting them out of work; on the other hand we say we must put them to work. How is it possible I say, to go in opposite directions at the same time? To my Liberal and Conservative friends all I wish to say on that score is that, unless they are prepared to alter their attitude on this subject of unemployment, they must expect the socialist charge which is laid against them. Therefore I say that, to be reasonable and logical, it should not be suggested that private enterprise is responsible for providing jobs for anyone, because it is responsible for production only. So that I say we should concentrate on the matter of production and forget about the jobs, whether it takes jobs or not. The thing we are interested in is production, no matter how many or how few jobs it gives.

The second charge which I have said I considered false is the charge that industry refuses to develop the natural resources. I have pointed out already that in the days prior to the war we had a virtual flood of

goods. We had so-called overproduction, though actually it was underconsumption, which I think indicates beyond the shadow of a doubt that private industry produces goods in superabundance. I grant that industry wants to sell at a profit, but who does not? Do my hon. friends in their businesses refuse to sell at a profit? Do they sell at cost? I say the profit motive is sound and legitimate. The profit system is not only a profit system; it is a profit and loss system. That is one aspect my hon. friends of the C.C.F. do not emphasize very often. Perhaps they have never invested money in an oil well, or anything like that. Profit is a reward for enterprise and risk, and I say those who are prepared to exercise enterprise and take a risk are entitled to a profit. As far as motives are concerned, I say we are all actuated by the profit motive, including my friends of the C.C.F. Each one of us is actuated by a profit motive; and I think it is unwarranted presumption on their part to assume this "holier than thou" attitude that only those who are not C.C.F'ers are actuated by a profit motive.

The only disability with respect to profit as such is the fact that it constitutes a mathematical impossibility. A profit is merely an addition to the price without a corresponding amount of money going into circulation. In other words, if a profit is not monetized it does not exist as money, and the only way it is monetized to-day is through debt money. So we have debts created corresponding to the amount of profit charged into the goods we must purchase, and I say that is the only disability in connection with profits. They are not monetized properly. True, they are monetized through debt money, but that need not be. If all the profits charged into goods, regardless of what they are, were monetized completely, then the consumers could purchase them completely.

Then I said private enterprise was being held guilty, because it does not distribute the goods. I repeat that it should not be held responsible for the distribution of goods. True, to the extent that labour is involved and wages paid out, distribution is brought about, but complete distribution cannot be brought about through incomes paid out of industry. Those in the Social Credit group have brought forward that premise on many occasions; and on that premise the proposals of Major Douglas rest. I repeat: No individual industry or industry collectively distributes as much in purchasing power as it produces in the prices of the goods. That is not because there are excess profits. It would not make any difference whether the profit was a small percentage or a large percentage. The fact remains, and it can be proved by examining the books of any institution, whether it be a peanut business on a street corner or a million-dollar corporation, that every business institution generates more in prices than it does in income. Consequently it is not possible for the people to buy all the products of industry as a consequence of the incomes they derive out of industry. Raising wages will not help; it simply adds to the prices by raising costs. Another solution must be found.

Another point which our C.C.F. friends make in charging private enterprise is that it refuses to plan. I cannot conceive of any more need of planning than to go ahead and produce. That is all the planning required so far as my intelligence leads me to conclude. I have already said that there is plenty of evidence that Canadian and United States industry is equal or superior to any system of production in the world.

I assert that a planned production such as socialists advocate is a totalitarian concept. Our system does not bog down because it is not planned by government bureaucrats. Our C.C.F. friends have made the statement frequently that the war effort was what it was because it was planned. I take issue with that. There was a certain amount of planning, but I say the success of our war effort was due, in a far greater measure, to the fact that there was a guaranteed market for everything produced. There was no difficulty in selling anything that was produced, because there was plenty of money afloat; in fact there was too much. I say it is not necessary to be concerned about planning production. What we must do is to concern ourselves about consumption. If consumption is taken care of, production will take care of itself.

It is unnecessary to abolish the private enterprise system merely because of the abuses to which it is exposed and its inherent deficiencies. In my opinion the best means of dealing with monopolies is to remove the incentive for creating monoplies, which is the lack of purchasing power on the part of the general public. There is not enough money to go around. Therefore there is a mad scramble to get every dollar before the next man gets it and hence an incentive to buy up your competitor because of limited purchasing power. If there were purchasing power in circulation equivalent to the price value of goods, consumers would be able to buy everything that was produced, no matter at what price. Therefore everyone could stay in business.

Our Conservative friends have been advocating the removal of controls. They have been quite insistent about that and I have a

great deal of sympathy with them. Personally I have not yet made up my mind completely on the subject, but if it leans in any way it is in the direction of removing controls. The problem my Conservative friends would be faced with is the problem I have outlined. Even though controls are removed, the system would not be self-liquidating. It does not generate enough purchasing power to buy back its own product. Merely lifting the controls in order that we may have great production is not going to solve the problem of distribution. Industry cannot bring about its own distribution. The system is not self-liquidating.

In conclusion, I should like to say a few words about the means of achieving this objective. The Minister of Finance suggested that we must strive for unanimity as to the means. I wish to indicate in what way I agree with the means being used and in what way I disagree. First, I wish to say a few words in connection with the dominion-provincial conference. From what he has said, the minister has left the impression that it would be impossible for the dominion to discharge its responsibilities as it should without securing greater taxing powers than it has. I am not familiar with all the details in connection with that, but as a general principle I would disagree.

The provinces have come in for a great deal of criticism and have been blamed for wrecking the conference. It all depends upon the point of view of the critic, whether he is a centralizer or whether he is a decentralizer. Anyone who believes in centralization will naturally blame the provinces, because he will want to see greater and greater controls at Ottawa in the central government. Those who believe in decentralization naturally want the rights of the provinces to be preserved. I suggest that the dominion does not require any additional powers whatsoever to discharge all its responsibilities. I say the dominion has enough powers now under the British North America Act to discharge everyone of its responsibilities without expecting the provinces to surrender anything. I will go as far as to say that the dominion could carry out its obligations with respect to the people of Canada without any taxing power whatsoever except for the purpose of withdrawing redundant credits.

I know many will say that is taking in a lot of territory, but that is merely because they have a wrong conception of the purpose of money and of what the relationship of money to wealth ought to be. I say that if the dominion government would exercise the right which it has in connection with money it could avail itself of all the money it needed. According to section 14 of the British North America Act, currency and coinage are a distinct responsibility of the dominion government. Instead of exercising that crown prerogative, the various governments of Canada since 1867 have delegated piecemeal this most sacred of powers to the private banking institutions.

On previous occasions I have quoted Abraham Lincoln on that score, and I should like to do so again in order to indicate the tremendous significance of the power which a government has when it exercises its authority over the creation and issue of money. Abraham Lincoln is credited with having made this statement:

> The government should create, issue, and circulate all the currency and credit needed to satisfy the spending power of the government and the buying power of consumers. The privilege of creating and issuing money is not only the supreme prerogative of the government, but it is the government's greatest creative opportunity. The people can and will be furnished with a currency as safe as their own government. Money will cease to be the master, and will become the servant of humanity. Democracy will rise superior to the money power.

The important sentence is, "The privilege of creating and issuing money is not only the supreme prerogative of the government, but it is the government's greatest creative opportunity." If the dominion government were to retrieve that right and exercise it, the whole system of taxation could be abolished forever. If that were done there would be no need for centralization or nationalization and most of the problems would solve themselves automatically. I say the dominion government, by refusing to exercise this power and by not permitting the provinces to exercise their powers, is assuming a dog-in-the-manger attitude and one which certainly should not be tolerated in this country.

My final word, Mr. Speaker, is this. I suggest that we can agree on objectives nationally, provided that we accept the objectives which we suscribe for ourselves personally. If we do that, I believe that we can really unite on national objectives.

Mr. G. R. WEBB (Leeds): Mr. Speaker, in expressing my views on the budget, after hearing a number of hon. members throughout the week, some praising and some condemning it, it is not my intention to praise it because I do not find enough in it to warrant praise. On the other hand, it is not my intention to condemn it in its entirety, although in many ways it falls miserably short of what was expected by the Canadian people in the way of tax relief.

In this budget I believe that the minister has made a sincere if niggardly effort to apply modern thought to the use of taxation. By that I mean that the budget takes tentative steps at least to go beyond the traditional usages of raising money and influencing sentiment and support. It would almost seem that a gesture is being made to influence the country's economic trend and the financial position of the individual to counteract the inflationary tendencies which are now so evident. This, of course, I consider a step in the right direction in the use of taxation, and it is encouraging to see that the government leans that way, although, mind you, there is a very long way to go before this gentle sway becomes a marked movement or a definite policy.

Not being an economist or financier, I do not propose to deal in detail with much that calls for what might be called higher criticism of the budget. I leave that to those far better qualified than myself, and it has been done ably already by the hon. member for Muskoka-Ontario (Mr. Macdonnell) but as a business man I want to direct the attention of the government to certain matters of principle closely affecting, and effecting, our national welfare and individual living.

I suggest that our national problem is threefold, and that the government has done little or nothing to solve its three main parts. First, there is the urgent need to help primary industry, namely, agriculture, fishing, mining, lumbering and the like. Second, there is equally urgent demand for encouragement and incentives for secondary and processing industries which use the products of primary industries; for the services which depend upon the activity and prosperity of both these groups; for the business that devolves from them. Lastly, there is the uncertain position of the individual citizen whose whole life and future depend upon national prosperity based upon sound economic principles carried out through sensible policies.

Primary industry, to my mind, is the base of our national economy. Prosperous primary industry releases enormous potential buying power to absorb the output of industry, the functions of the services and the activities of business. It brings prosperity to the individual. As a representative of a constituency vitally interested in agriculture, I want, with reservations, to give some credit to the government for its recognition—belated and inadequate as this recognition is—of the need to give practical aid to farmers. It is at least a move in the right direction. The wealth of this country is directly founded on primary industries, of which agriculture is the most important part, for it supports approximately one-third of the population of this Dominion of Canada. Other primary industries support another great fraction. The secret of all-round national prosperity is to assure that the greatest buying power of those engaged in primary industry is released.

Hon. members may wonder why I am talking so much about primary industry and industry and business. I am particularly interested in it for various reasons. One important reason is that it employs so many individuals in this country and it is so important to their welfare. Business must be strong and secure. If the top gets too heavy for it, or if the foundation is insecure, the whole structure will collapse. Furthermore, any prosperity that is not built upon this basis, and is not in proper relation to it, will come tumbling about us, for it is unreal and false, and a dream from which there will come a dreadful awakening.

The primary industries of Canada receive nothing like a fair share of the national income. Those engaged in them work hard for long hours, and they work under conditions that would stimulate organized labour into general confusion. Yet, because they are conscientious, and because they have a sense of responsibility, those who bear the brunt of primary industry—yes, those who produce our real wealth—are left to fight the battle of life pretty much alone. They are practically forgotten so far as government assistance is concerned. Our basic industries, upon which Canada must build for the future, are penalized at every turn, and this budget does practically nothing to rectify the grave injustices under which they labour. What is even more important and tragic, there does not seem to be any real indication that the government recognizes the desperate seriousness of the situation as it affects Canada and every Canadian.

I charge that the government has ignored the need to develop and assist primary industry, and that it has lamentably failed to use its taxing powers to build a solid foundation upon which to erect a secure and prosperous Canadian economy. It has done nothing to release the enormous buying power of those engaged in our basic industries. It has done very little to help those who produce our real wealth to attain better living standards and to have their fair share of the national income. I suggest that the little which has been proposed in this budget to better these conditions has been taken in a large measure from the politics and programmes advanced by the Progressive Conservative party, which has laid down as a fundamental principle that agriculture and primary industry generally

must be encouraged and must be assured of their share of the national income. I can only hope that the government will find further inspiration in the policies of this party and will venture to do something realistic to support and encourage basic industry, of which agriculture is a most important part.

I have suggested that the government has done little for Canada's primary industries. If this be true, and I believe it to be, the government has certainly done nothing for the secondary and processing ones, for services and for business, which are a second part of our national problem. Nowhere in the budget can I find anything which is constructively helpful to business and industry. I must say this, that both business and industry must have encouragement to carry them through this critical period. We speak of this as a time of reconversion. This is a misnomer. We are not returning to pre-war status, and we shall never get back. We are in the throes of what might be termed a type of revolution. We are moving steadily away from the economic, social and political pattern of the past. The grave responsibility for the direction in which Canada moves rests upon the government. I only wish that I could have more confidence in the skill and knowledge which chart our course. We need leadership as never before. We need a carefully thought out, coherent and coordinated plan, and this government has given us none of these. The government drifts with every wind of temporary expedient to satisfy certain groups. There is no real programme or policy; and this budget is an example of its lack of intelligent planning. In this modern world, with its complexities and interrelated dependencies, there must be a plan to lead us and guide us. Nothing in national planning is of greater importance than taxation, properly used. It touches everyone. But the government is not using it intelligently. As I have already said, it has made only a nominal gesture toward helping primary industry. In fact, I cannot see where it gives any immediate help to industry and business at all.

As I see it at this time, secondary and processing industry, services and business generally, are hard hit and suffering from the unrest and insecurity inevitably attendant upon revolutionary changes in thinking and conditions. However, as good Canadians we must go on producing; our services must be maintained; business must be kept in motion; all must be given incentives to carry on until conditions stabilize.

[Mr. Webb.]

I submit that the budget does not give this help. Instead, it maintains crushing taxation that is unrealistic and paralyzes production. It discourages venture capital, and I believe hon. members all know what I mean by venture capital. It handicaps business and industry against research and development. It is based upon the mistaken idea that all Canadian business has enormous reserves that will more than offset current losses due to the vacillating policies of the government. It would seem that the minister must be bewitched by the oft-repeated assertions of some hon. members who hold that to be a "capitalist" is to be a "millionaire", which, of course, is entirely wrong. This sustained crushing taxation is dangerous in the extreme, and it is made more so—and that is saying a very great deal—by the government's practice of yielding to pressure groups. Production is being paralyzed; venture capital is frozen; industrial growth is a gamble; export development, which is so important to us, is retarded; day-to-day living for individuals is uncertain; prices are rising. These are all directly attributable to the government's failure to have a policy and the courage to stick to it.

Mr. Speaker, I ask you, how can industry and business plan for the future when they do not know, or have no definite assurance of what lies ahead?

It is evident that the government has no real understanding of the situation and that it has no plan or programme. Loyal industry, and essential industry, are penalized. The budget does practically nothing for them. It even takes away the hope of making profits to recover losses.

I maintain that industry and business must have help and encouragement. Their tax burden must be lightened. They cannot go on operating under present unrealistic taxation and price controls. Production is blocked by the government's policies. If we had full production we should have less threat of inflation, because there would be an outlet for available money. There are too few goods for sale to-day. The solution is to have increased production and this solution is made impossible by the government's policies. Lack of production through present policies results in increased production costs, and in labour unrest and unemployment. Once industry and business feel that there is hope for the future; when the government "gives the green light", production will increase and unit production costs will decrease. This will allow business to recover some of its present losses. At the same time—and this is most important—in-

creased production will give wider employment and provide the real answer to labour unrest. Our national labour difficulties and problems are, to some degree, directly traceable to the government's policies toward all industry. To stifle production is to raise the banner of labour trouble; to speed production is to bring about industrial peace and understanding.

Many thousands depend for their livelihood, directly or indirectly, upon industry of one sort or another, and the stifling of production, due to present government policy, is jeopardizing their security and holds the menace of substantial unemployment. Returned service men and others, setting themselves up in business and putting their gratuities and savings into store rentals and other overheads, are finding themselves in an untenable position owing to lack of merchandise to carry on, through no fault of their own. Such a situation cannot continue; it simply leads to financial disaster.

Before leaving this subject, I want to emphasize one other point. This new era into which we are moving is one that demands research by industry to enable it to keep up with competition in the rest of the world. There is no industry that I know of that can go on in the same old rut and operate successfully. Research costs money and yet it is essential. Government policies are forcing these people to limit research, which simply means that Canada will, in the end, fall behind other countries or become somewhat of an economic dependency of those which have had the foresight to encourage research and industrial expansion. I cannot imagine that is what the government wants; and I give it credit for a greater sense of national independence.

The future of Canadian business is the responsibility of this government. I ask what it is going to do to help stabilize and promote our business and to provide incentives for expansion.

The failure of the government to take proper action to assist business in the broadest sense of the term will, inevitably, work hardship upon the average citizen whose living is dependent upon them. We are already caught in the outer whirl of a spiral of inflation that is lifting living costs and promises to lift them higher in spite of the government's fine sounding talk about price controls.

Speaking generally, I believe Canadians fall into three groups: (1) Those who have some control over their income through their association with organized labour or through their ability to negotiate individual wage increases; (2) those who are engaged in primary industry, of which agriculture is a most important part, and are being penalized by the government and for whom little is being done; (3) those who live on so-called unearned income such as rentals, income from investments, endowments, pensions and the like. All stand to suffer from rising prices, and this fact is obviously recognized by the government by its action to raise the income tax exemption from $660 to $750 for single persons and $1,200 to $1,500 for married persons, effective in 1947. These exemptions should have been higher, and the best that can be said for this action is that it shows a realization that prices are on the upgrade—but it is only words. There is need for immediate help for individuals. This trivial increase in tax exemption will not help the individual taxpayer until he pays his 1947 taxes in 1948, which we must admit is extremely belated. It makes no special provision at all to help those who have no control over their incomes, which are steadily diminishing in buying power through no fault of their own. All these exemption increases could have been effected by sound government action in cutting unnecessary extravagance.

I should like to see how those who framed the budget would get along on the earnings of the average wage earner, out of which must be paid unemployment insurance dues, insurance, medical expenses, et cetera. What is there left to live on? It may be possible to eke out existence, but that is not living. What is there for recreation? For education of children? For savings against hard times? There is very little. Canadians are entitled to enough untaxed earning power to enable them to provide for some measure of self-security so that they can be free to build their own future and look forward to leisured, untroubled retirement on the results of their own work and thrift. As it is, this security, this living, is made well-nigh impossible because of the burden of taxation laid upon them.

Much has been said about security—the government says that it provides security. And what a security! We are a free people, or at least supposed to be. We boasted of that during the war when, with that as theme, the government refused to inaugurate conscription of man-power. Now that we have peace, the government is ready to repudiate freedom, and force this free people to a very low level, dependent upon the red tape and bureaucracy of the government for doubtful security. Why should those among our people who work hard and honestly be compelled to sacrifice their own security so that those who are unwilling to work shall be looked after on an equality basis? This is neither justice nor democracy.

I make special plea for those who are now living upon unearned income because they are the grain between the lower millstone of fixed income and the upper millstone of rising costs that bear down more heavily upon them all the time. I ask the government to think of the many thousands of such persons who are trying to maintain a decent standard of living in the face of inflationary price increases; of those who have looked forward to a time of leisure after years of battling and strife and economy; I ask the government to think of widows who are trying to raise their children as God-fearing citizens and in decent living standards; of the old; of so many who have no way to voice their plight and who are ridden over roughshod by a government that seemingly cares only for those who threaten action. Is this democracy when the quiet people are forgotten? Or is this an age of expediency when might is right and the only way to self-protection is by vociferous declamations.

Canadians deserve protection against rising costs. One way to give this is to raise the exemption for single and married persons respectively, and to correct the surtax level for unearned income. It is the least that the government can do.

It is vitally important that Canada maintain the standard of living of her people and not allow any section of the population to be dragged down. Our unearned income group is important to the country, and in all fairness to these people they deserve, and I claim for them, these exemptions.

As matters now stand, we penalize thrift and make retirement almost impossible. Yes, we penalize thrift. Maybe that is the underlying reason why the government does not practise economy itself. Certainly this budget does not show much evidence of economy and, looking around us, we still see government extravagance that knows no bounds.

Thrift is a principle of prosperity. The government preached thrift all through the war. Now let us practise it. One way to make our national revenues go farther is for the government to practise efficiency and economy within, by curtailing extravagance. Doing this would set an example to the country. But present government extravagance is only making conditions worse; it sets a bad example when it wastes money. If prices of essentials are to be held down, then let the government take a lead by holding down the cost, and price, of government. It is time that drastic action was taken to effect economies in governmental activities. Duplication of effort; multiplicity of commissions and boards; swollen staffs and all the rest of the extravagance found in government operation is being paid for by primary industry and the man on the street; by secondary and processing industry; by services; by business; by Canadian citizens—yes, paid for by everyone except the government that spends the money.

The budget that is presented to us should show economies in government operation; it should give help to agriculture and all primary industries, and assurance of a fair share of the national income; it should give incentive and hope to business and industry; it should relieve the tax burden from individual citizens. It should do these things. It does not do them, and I submit that, until it does, the government has failed miserably in its duty to the people of this Dominion of Canada.

Mr. WILFRID GARIEPY (Three Rivers) (Translation): Mr. Speaker, I rise to participate in the budget debate owing to the nature of the discussion and in view of the right I have to submit my ideas on the various propositions that are now before the house.

Speaking for the first time in this parliament, I deem it proper to use my mother tongue. I believe it is not too late to tender congratulations to you, Mr. Speaker, and to your assistant the honourable member for Brantford City (Mr. Macdonald) on your elevation to the posts you now respectively occupy and on the admirable manner in which you are discharging your functions.

The clerk of the house is not here at the present time. I should have liked to tell him that I think I voice the feelings of all the honourable members in complimenting him for being so hale and hearty, in spite of the fact that he has recently reached the age of seventy. Doctor Beauchesne is a credit to this parliament; he is a credit to his race, because he has succeeded in mastering all the intricacies of parliamentary science, and has become an authority on British institutions. I say that without any hesitation for quite a long time ago, we both graduated together from the same college. Here is a further coincidence: one of my fellow students at the law school of McGill university, Hon. Justice Thibaudeau Rinfret, recently came to this building in order to give the royal assent to certain bills, as substitute for the governor general.

I take pleasure in mentioning these names because a dishonest campaign, waged both in the press and by public speakers, seems to be seeking to spread in my province the belief

that in the capital of Canada, one element only has its say; that the civil servants all come from only one province, only one race; however, when one takes pains to look for them, one finds French Canadian names everywhere such as, for example, at the supreme court, Hon. Justice Robert Taschereau; at the exchequer court, Hon. Justice E. R. Angers. This morning I went to the printing bureau. There, I found a former citizen of Three Rivers, enjoying the status of deputy minister, Mr. Edmond Cloutier. There is also Mr. Jules Castonguay, director general of elections; Mr. Felix Desrochers, parliamentary librarian, another of my fellow-citizens, born a short distance from Three Rivers; Mr. Gustave Lanctot, dominion archivist, a deserving and talented historian; Mr. Arthur Thivierge, member of the civil service commission; Mr. J. E. St. Laurent, at the national harbours board; Mr. Georges Bouchard, joint deputy minister of agriculture.

Mr. Speaker, this list of mine is possibly incomplete but the war having come to an end a year ago, and now that we are reorganizing the economy of the country, I trust that this government will see its way clear to appoint more of our people as deputy-ministers, or to spending departments, that have to do with management, with the spending of public moneys and with construction.

I must however pay particular tribute to the right hon. prime minister, Mr. Mackenzie King, as Secretary of State for External Affairs, for his recognition of our people's ability by appointing, for instance, former Justice Alphonse Turgeon ambassador to Belgium; Mr. Jean Désy to Brazil, Major General LaFlèche, former minister of National Defence, ambassador to Greece; Mr. Henri Laureys, a most worthy Montreal teacher, to Peru; Mr. Pierre Dupuy, another fellow-citizen of note, ambassador to Holland; General Georges-P. Vanier to old France; and Mr. Emile Vaillancourt, our friend of the good old days, to Cuba.

All of them owe their appointment not to favour but to their ability, their qualifications, their grasp of the day's problems. They have been appointed by the government to represent us throughout the world. I am proud of it and I wish to remind my province that under the present system, our leaders are imbued with the spirit of freedom rather than ostracism. When our own people possess the required qualifications, they are placed at the helm without hesitation.

In this connection, Mr. Speaker, I wish to mention a particular matter. I come from the riding of Three Rivers. The city bearing that name was the second town founded in America. It is the most French in the world. Being catholic, its people follow the teachings of His Holiness the Pope, who was a guiding light during the war years and is now a beacon in peacetime, whose efforts tend to solve the grave differences arising at present. Moreover, he is a temporal ruler since the settlement with Mussolini on the question of authority. Therefore, I believe the time has come for Canada to send a representative to Rome, according to the example set by a great many nations throughout the world.

Incidentally, I wish to hurt no one, but my next observation may be rather unpleasant. This is a free country, and I do not intend to prevent civil servants from expressing their opinions, acting as they see fit, or defending their ideas. I wonder, however, if it is fitting to use my money and the taxes which I pay as well as those which are collected from my fellow citizens to pay the salary of a deputy minister who as lecturer and propagandist, disseminates throughout the country and even across the continent opinions and ideas contrary to all that we hold dearest and for which my conscience has but the deepest contempt. He is entitled to do as he pleases, but is there no limit beyond which civil servants are prohibited to behave as Doctor Chisholm has done recently? Since we are discussing the budget and the spending of public money, we must as far as possible use Canadian funds to pay those who serve the country, and I hope that the government will appoint Doctor Chisholm to some post other than that of deputy minister in the department of health.

I would refer now to a law passed a few days ago which was submitted to us by the Minister of Labour (Mr. Mitchell) whom I deeply admire. I knew him in years gone by, before he became a member of the cabinet, even before he became a member of parliament. As a matter of fact, he never considered at that time the possibility of entering public life. By his own means and by his own talents, he has risen to an important position which commands the respect of all. Well, I ask the Minister of Labour not to crush the present unemployment insurance commission. I asked him not to dismiss its chairman, my fellow citizen, Mr. J. A. Trottier, who has always performed his duty conscientiously. He has always treated the public

fairly and courteously, and he deserves a great deal of consideration. I trust that there will be no change in the set-up of that board.

I apologize for mentioning such matters, but it must be borne in mind that I belong to a minority and by their very nature minorities are timid and fearful. Indeed when the rights of a minority are encroached upon, it is lost forever, unless unforeseen circumstances enable it to recover the lost ground. We are compelled to fight inch by inch and foot by foot to defend the little we have preserved.

I notice that some hon. members seem surprised. They recall—as stated in the parliamentary guide—that I was elected as an independent, with the clear-cut explanation that I was of the Liberal school, that I was steeped in the Liberal tradition, and that I was in principle favourable to the government of the right hon. the Prime Minister (Mr. Mackenzie King). There are two kinds of independent members in this house: the independent members who always vote against the government of the right hon. the Prime Minister, and the independent members, like myself, who are ready to follow Mr. King as long as Laurier's pupil remains faithful to the programme, to the teachings and to the principles of Laurier, whom I have loved as a father and as a leader.

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

Mr. GARIEPY: Yes.

Mr. DORION: Could he name independent members who always vote against the government?

Mr. GARIEPY: Will you please repeat your question?

Mr. DORION: The hon. member should give the names of those independent members who always vote against the government.

Mr. GARIEPY: You are one of them.

Mr. DORION: Mr. Speaker, I rise to a point of order. Everyone knows, and particularly the hon. member for Three Rivers, that what he has just said is false.

Mr. GARIEPY: Mr. Speaker, such a debate will not enlighten anyone. The opinions and the conduct of the hon. member for Charlevoix-Saguenay (Mr. Dorion) are known throughout the country. I do not hide my own views; I often spoke about nationalism and I do not repudiate it for it is a doctrine which has its good points. Nationalism never hurt the country, except once in our history. That was in 1911, when the so-called nationalists stabbed Laurier with the help of the Toronto Tories' finance, thereby disastrously concluding an alliance against the prosperity, the development and the progress of this country.

To my mind, the ideas of the official opposition party are unsound. They wish to Canadianize the province of Quebec, as their leader (Mr. Bracken) has said. We have no need of such a doctrine to be Canadians. We have for a long time been and we are still Canadians. Speaking in Quebec, the leader said, "Give me a Cartier." Quebec will answer, "Give me a Sir John A. Macdonald." Men like Macdonald and Cartier no longer exist. The Progressive Conservative party's doctrine reminds me of a crazy quilt. It is a mixture of an imperialism and a nationalism of doubtful qaulity, of a narrow provincialism and extremes of various kinds, that is somewhat similar to a Ku Klux Klan because I have often heard it said that the Anderson government in Saskatchewan was partisan of those who form to-day His Majesty's loyal opposition. For the benefit of those who would like to know what that means, I shall refer to the July 10, 1946, issue of *La Presse* where a correspondent from Quebec who visited Saskatchewan, wrote as follows:

> In Saskatchewan the French Canadians have had to endure vexatious measures under the Anderson government, besides other difficulties preceding and following their enforcement. Thus, the laws of that province forbid members of religious orders, both men and women, to wear religious habits or any religious emblems; they forbid the hanging of crucifixes on class room walls; they allow the teaching of French for a period of one hour a day only and merely permit that catechism be taught, one half-hour after school hours, when the pupils are tired and inclined to pay the least attention to the instructions.

Mr. HEON: Would the hon. member allow me to ask him one question?

Mr. GARIEPY: Yes.

Mr. HEON: Has any government of Saskatchewan, which succeeded the Anderson administration, changed the situation mentioned by the hon. member?

Mr. GARIEPY: Mr. Speaker, I shall not waste what little time I have in discussing other matters. I have but a few moments left to utter my remarks on federal policies and I cannot use part of them to answer the question that has just been asked. I shall merely add that to my mind the habit of a sister of charity, the cassock of a priest, are just as sacred as the uniform of a nurse of the Victorian Order or the uniform of a British soldier.

In the province of Quebec we were faithful to the teachings which were instilled into us in so far as communism is concerned. In our

universities and our schools, long before the recent events took place, we had erected a bulwark against that nefarious doctrine. I have in my newspaper clippings an article which appeared in the Montreal *Gazette*, the Tory sheet of Montreal, lauding Stalin, Russia's hero.

In keeping with those teachings, our province, once war had been declared, held fast and accepted all sacrifices in men, in munitions, in food and in money. In my modest town of Three Rivers all victory loans exceeded their objectives. Everyone, the rich as well as those of average means, responded to the appeal. In regard to the war itself, my youngest son volunteered and spent five years overseas, under enemy fire. We have accepted all that, Mr. Speaker.

(On motion of Mr. Gariepy the debate was adjourned).

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

END OF VOLUME III